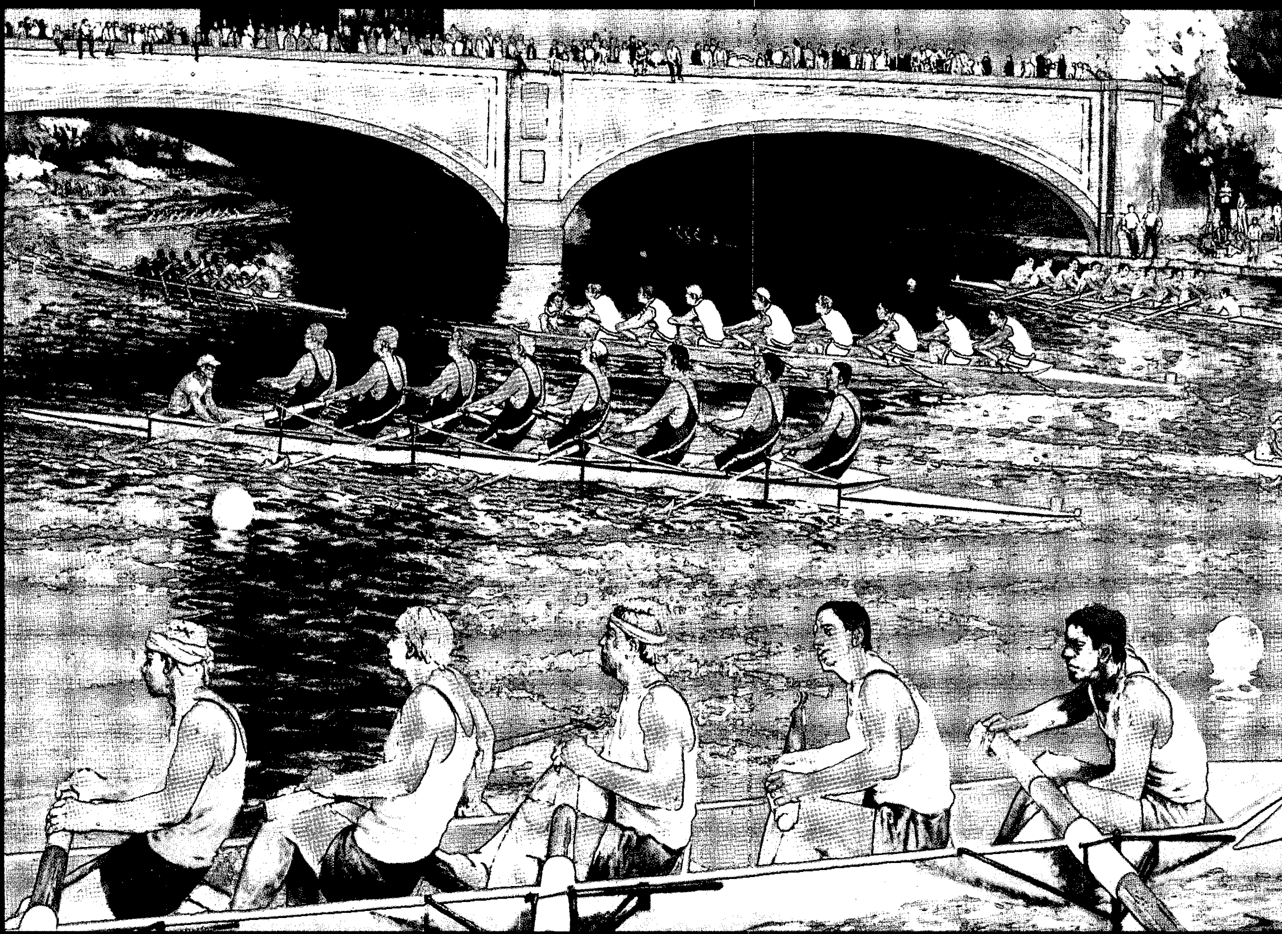
City of Cambridge, Massachusetts

Comprehensive Annual Financial Report



July 1, 1996 — June 30, 1997

CITY OF CAMBRIDGE, MASSACHUSETTS

COMPREHENSIVE
ANNUAL FINANCIAL REPORT

For the Fiscal Year
July 1, 1996 through June 30, 1997

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

On the cover is a reproduction of an oil painting by the Wellesley artist, Anne Lyman Powers, which measures four by six feet and is entitled "A Close Race." It depicts eight oared crews in the Head of the Charles Regatta passing the Eliot Bridge. This work took first prize recently in an exhibition mounted by the Cambridge Art Association at University Place.

City of Cambridge, Massachusetts

Comprehensive
Annual Financial Report

For the Year Ended June 30, 1997

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CITY OF CAMBRIDGE
Finance Department
City Hall, Cambridge Massachusetts 02139

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December 15, 1997

Mr. Robert W. Healy
City Manager
City of Cambridge
Cambridge, Massachusetts 02139

Dear Mr. Healy:

The Comprehensive Annual Financial Report of the City of Cambridge, Massachusetts, for the Fiscal Year ended June 30, 1997 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 Funds, 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. Expendable trust funds are accounted for similar to governmental funds. The accrual basis of accounting is followed by the proprietary fund types, nonexpendable trust funds and pension trust funds. Agency funds are custodial in nature and do not involve measurement of results of operations.

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

All internal control evaluations occur within the above framework. It is 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 deposit, money market accounts, checking or savings accounts 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 the City of Cambridge, Massachusetts (the "primary government") and its component units as required by generally accepted accounting principles. Component units are included in the City's reporting entity because of the significance of their operational or financial relationships with the City. The inclusion of component units in the City's general purpose financial statements does not affect their legal standing.

The City has two component units which are the Cambridge Retirement System and the Cambridge Public Health Commission.

The financial statements of the Cambridge Retirement System are presented for the year ended December 31, 1996, which is its fiscal period for reporting to the Public Employee Retirement Administration of the Commonwealth of Massachusetts.

ACKNOWLEDGMENTS

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

James A. Lindstrom
James A. Lindstrom
City Auditor

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CITY OF CAMBRIDGE
CAMBRIDGE, MASSACHUSETTS 02139
TEL 349-4300
FAX 349-4307

EXECUTIVE DEPARTMENT
ROBERT W. HEALY
City Manager

RICHARD C. ROSSI
Deputy City Manager

December 15, 1997

The Honorable Members of the City Council:

I am pleased to submit the Comprehensive Annual Financial Report of the City of Cambridge, Massachusetts, for the fiscal year ended June 30, 1997. 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 and Schedules. These statements and schedules 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.

FISCAL YEAR 1997 IN REVIEW: MAJOR INITIATIVES

Several important advances were made during fiscal year 1997 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:

- In conjunction with the City's June 1997 bond issue, Moody's Investors Service raised its credit rating on the City's bonds from Aa1 to Aaa, the highest rating which Moody's assigns to municipalities. This is the first time in the City's history that it has received Moody's highest rating and Cambridge becomes one of only 32 cities nationally to be awarded this rating. Moody's cited the City's "low levels of bonded debt, very conservative debt structure, rebounding tax base, strong financial management, and prudent long-term financial/capital planning" in its most recent credit report. This is a significant achievement in that it recognizes that the City's financial position has strengthened considerably in recent years and has a positive outlook for the future. It is important to note that this rating was assigned prior to the end of fiscal year 1997, a year which produced one of the largest increases in the General Fund fund equity in the City's history. (This achievement is discussed in further detail in the following paragraph.)

- The fund equity in the General Fund on a generally accepted accounting principles (GAAP) basis increased from its previous year level of $36,207,041 to $45,842,963, an increase of $9,635,922 or 26.6%. As in the past several fiscal years, the City anticipated using a significant amount of its previous year's unreserved fund balance to cover certain expenditures. However, this was unnecessary as a result of actual revenues exceeding expenditures by an amount greater than the $4.9 million.

- For the first time in recent years, the collection rate for current year real and personal property exceeded 100%. The 100.12% rate is the result of current year collections of $143,985,981 being greater than the net tax levy (total levy of $148,070,000 minus the reserve set aside for abatements of $4,250,000) of $143,820,000. This extremely high collection rate reflects both the strong local economy and on-going efforts made by the City in recent years to maximize collections on real and personal property.

- As it has for the past decade, the City received both 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 Fund. This data is included in the Statement of Revenues and Expenditures-Budgetary Basis-Budget and Actual, which presents financial information on the budget basis of accounting.

Revenues

Fiscal year 1997 revenues totaled $229.3 million. This represents an increase of $9.7 million or 4.4% from fiscal year 1996. Property taxes are the single largest revenue source, representing approximately 64.6% of General Fund revenues. Real and personal property tax revenues, net of abatements, increased by $3.6 million, or 2.6%. Intergovernmental receipts comprise the City's next largest revenue source, representing 16% of General Fund revenues. These revenues increased 2.7% to $36.4 million.

Sewer receipts increased approximately 4.9% to $18.6 million during fiscal year 1997 because of higher rates.

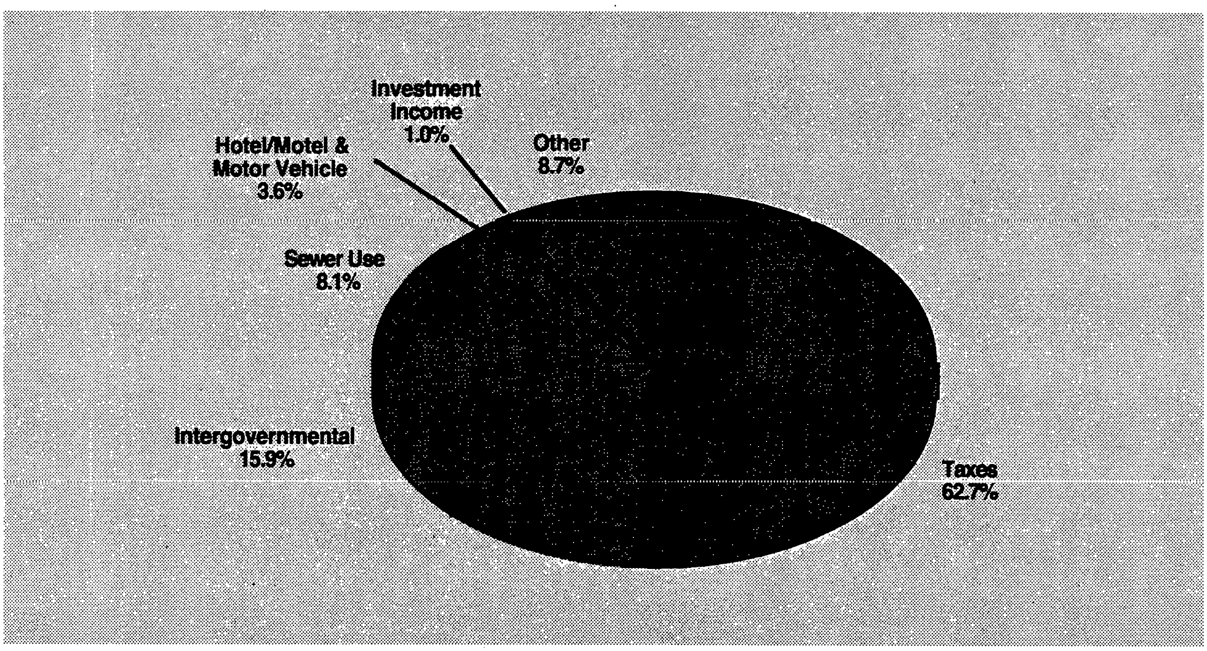
The 23.7% increase in the Hotel/Motel & Motor Vehicle Excise Tax category directly reflects the strong local economy. Both of these taxes are sensitive to changes in the local economy. The 14.3% rise in the Other category is due primarily to the recording of reimbursements from the Cambridge Public Health Commission for debt service on Hospital bonds for the first time in this category. In past years, these costs have been charged to the Hospital Enterprise Fund.

The 9.2% increase in investment income from \$2.1 million to \$2.3 million was largely due to the City making more efficient use of cash and investment balances. Short-term investment rates were also slightly higher than in fiscal year 1996.

The following table and graph display the dollar amounts in thousands received from various sources of revenue for fiscal year 1997 and compares these amounts to those received in fiscal year 1996.

Fiscal Year 1997 General Fund Revenues
Budgetary Basis
(Dollars In Thousands)

			Increase From Fiscal Year 1996	
Revenue Source	Amount	Percent	Amount	Percent
Taxes-Net of Abatements	$ 143,820	62.7%	$ 3,628	2.6%
Intergovernmental	36,421	15.9	956	2.7
Sewer Use	18,553	8.1	861	4.9
Hotel/Motel & Motor Vehicle Excise	8,359	3.6	1,602	23.7
Investment Income	2,340	1.0	197	9.2
Other	19,818	8.7	2,479	14.3
Total	229,311	100.0%	9,723	4.4%
Net Transfers In (Out)	936		(6,768)	
Grand Total	$ 230,247		$ 2,955	



Expenditures

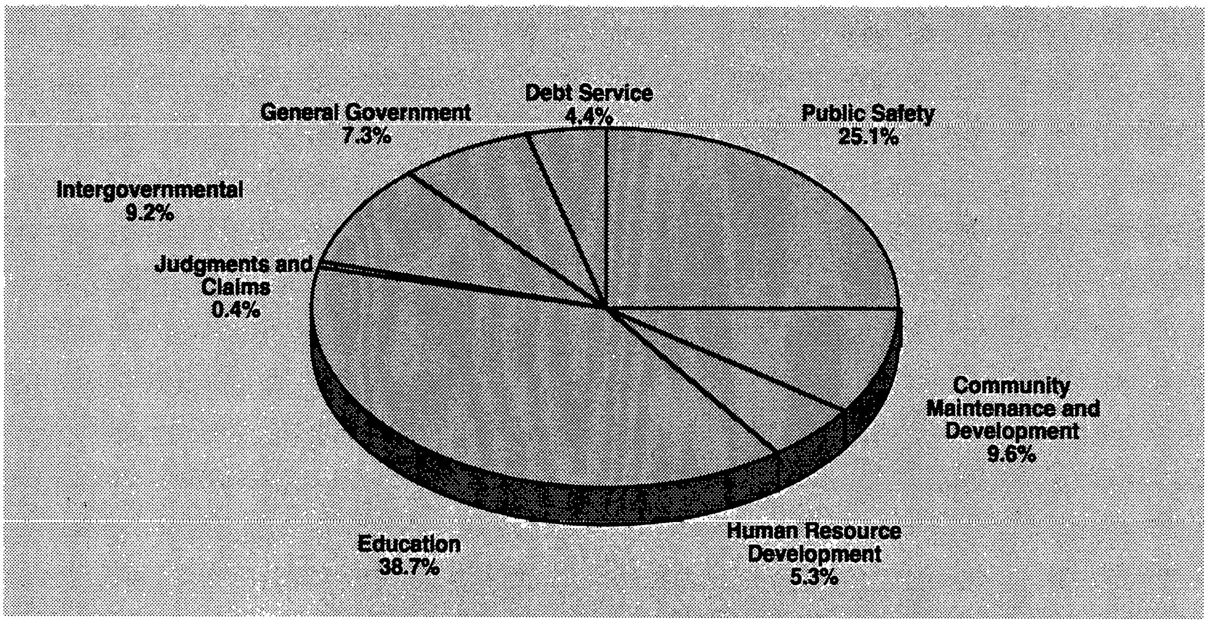
During fiscal year 1997, total expenditures increased 2.9% from $218.2 million to $224.4 million.

General Government expenditures decreased 6.2% to $16.3 million due primarily to a shift in certain types of employment training expenditures from the Mayor's and City Manager's offices to the Human Services Department to be incorporated in existing programs in that department. Human Resource Development costs rose $1.2 million to $11.9 million due to the shift in expenditures mentioned above. The large increase in Judgments and Claims category reflects the difficulty in predicting this type of expenditure which is dependent on the timing of settlements by the City. The significant increase in Debt Service is mainly attributable to the inclusion of gross debt service on state-subsidized sewer loans as well as the inclusion of Cambridge Public Health Commission (CPHC) debt service in this category for the first time. All other categories of expenditures show moderate growth.

In past years, the Hospital and Neville Manor Funds received subsidies from the General Fund. With the creation of the Cambridge Public Health Commission, these transfers are now shown as transfers to a component unit. As part of the agreement between the City and the CPHC, the transfer has been reduced from its previous level of $10.9 million to $8.6 million in fiscal year 1997. In addition, the CPHC makes an in-lieu-of-tax payment to the City of $2 million for a net transfer of $6.6 million.

Fiscal Year 1997 General Fund Expenditures
Budgetary Basis
(Dollars In Thousands)

			Increase (Decrease) From Fiscal Year 1996	
Expenditure Function	Amount	Percent	Amount	Percent
General Government	$ 16,280	7.3	$ <1,072>	<6.2%>
Public Safety	56,251	25.1	1,265	2.3
Community Maintenance and Development	21,545	9.6	1,227	6.0
Human Resource Development	11,912	5.3	1,198	11.2
Education	86,933	38.7	980	1.1
Judgments and Claims	903	0.4	501	124.6
Intergovernmental	20,662	9.2	<292>	(1.4)
Debt Service	9,908	4.4	2,421	32.3
Grand Total	$ 224,394	100.0%	$ 6,228	2.9%



General Fund Balances and Cash Position

The City ended fiscal year 1997 with a total General Fund fund balance of $45,842,963, which represents 20% of General Fund revenues, up from 16% in fiscal year 1996. Each year, a portion of fund balance is allocated to reserve accounts. A total of $14,863,868 was transferred to reserve accounts in fiscal year 1997, leaving an unreserved fund balance of $30,979,095. General Fund cash and short-term investments totaled $60,358,932, while the balance of cash and short-term investments for all funds totaled $108,598,982 which is a $24,029,768, or 28.4% increase from fiscal year 1996 with the largest portion of this increase occurring in the General Fund. 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 balance in the City's unreserved General Fund fund balance for fiscal years 1991 through 1997.

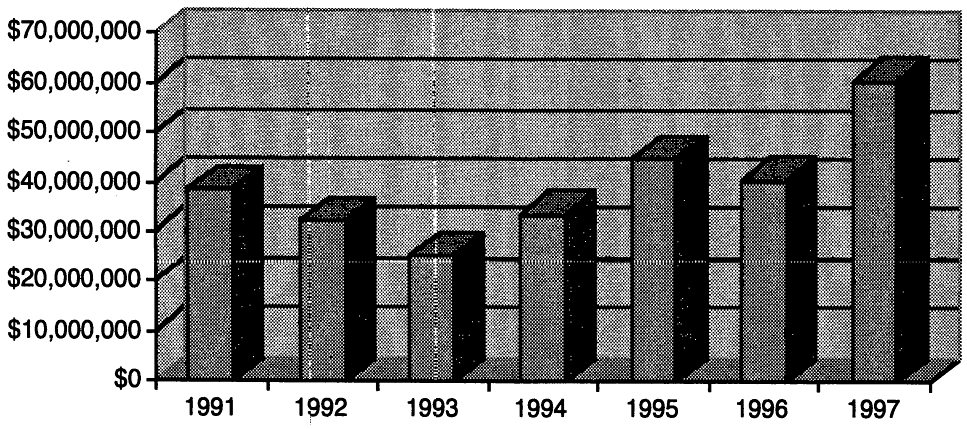
Fiscal Year	Unreserved General Fund Balance
1991	$ 22,464,452
1992	10,943,916
1993	7,595,682
1994	15,634,070
1995	26,362,257
1996	26,079,677
1997	30,979,095

Cash Position

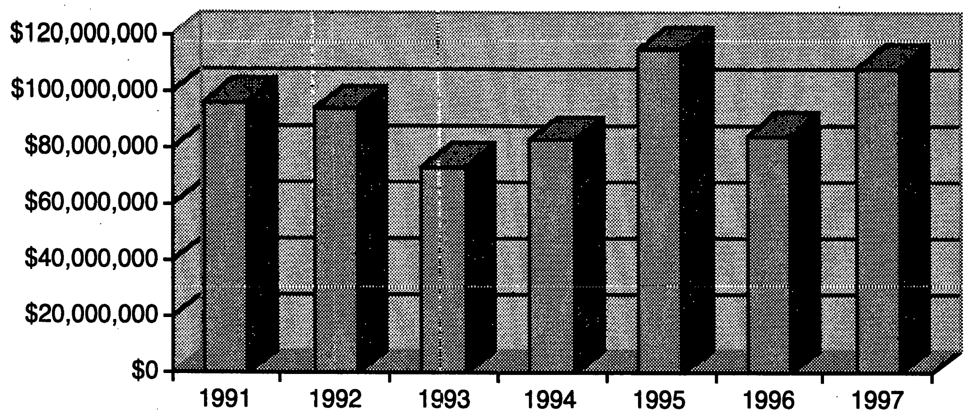
The table and charts displayed below present the changes in year-end General Fund cash and total cash for all funds for the past seven fiscal years. The table and charts do not include cash for the Cambridge Public Health Commission component unit.

Fiscal Year	Year-End Cash Balance General Fund	Year-End Cash Balance All Funds
1991	$ 38,552,545	96,519,706
1992	32,213,743	94,222,372
1993	25,180,624	73,584,280
1994	33,567,749	82,918,319
1995	44,855,049	114,915,503
1996	40,436,647	84,569,214
1997	60,358,932	108,598,982

Year-End Cash Balance - General Fund



Year-End Cash Balance - All Funds



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 improvement plan that is used as a guide for capital expenditures in future years. The Capital Improvement Program for the five year-period from fiscal year 1998 through fiscal year 2002, which was approved by the City Council in May 1997, has an estimated cost of $128,107,100. Financing for the fiscal year 1998 portion of the capital plan was appropriated with the adoption of the fiscal year 1998 operating budget in May 1997. Implementation of the program in the following four years, however, is contingent upon the City's continued strong financial position.

The City maintains a policy of issuing debt with a ten-year or shorter retirement schedule, which requires higher debt service payments in the short-term, but results in sizable interest savings. In addition, since fiscal year 1985, the City has funded a portion of its Capital Improvement Program on a "pay-as-you-go" basis out of current revenues. Outstanding debt as of June 30, 1997 totaled $79,134,995.

Key Debt Ratios

Ratio	1997	1996	1995	1994	1993
Ratio of Bonded Debt to Assessed Value	1.1	1.1	1.1	.9	.87
Bonded Debt Per Capita	$ 792	$ 807	$ 808	$ 645	$ 539
Ratio of Bonded Debt Per Capita to Per Capita Income	3.9	4.1	4.1	3.2	2.7
Ratio of Debt Service to Total Expenditures	9.0	5.4	4.7	4.6	5.2

Property Valuations

Based on valuations of all real and personal property as of January 1, 1996, the total value of all property in the City is $7,242,124,437. Of that total, $250,532,806 is attributable to new construction. The table below compares fiscal year 1997 property valuations and tax rates to fiscal year 1996 valuations and tax rates.

	Property Valuations (In Thousands)		Tax Rates	
	FY 1997	FY 1996	FY 1997	FY 1996
Commercial/Industrial	$ 2,462,908	$ 2,481,769	$ 35.78	$ 34.89
Personal Property	236,051	227,040	35.78	34.89
Residential	4,543,165	4,301,221	13.02	13.32
Total Value	$ 7,242,124	$ 7,010,030		

Fiduciary and Reserve Funds

The City administers more than 70 trust funds (excluding the Retirement Trust Fund and the City's Stabilization Funds), the total fund balance of which was $19,720,772 on June 30, 1997. All interest earned by these funds accrues to each trust. Funds from the trusts are used for a variety of purposes including awarding scholarships and prizes to Cambridge school children, providing entertainment for residents at the nursing home, purchasing books and materials for the public library, providing dental hygiene for school age children, and rehabilitating affordable housing. The single largest trust fund is the Health Claims Trust, established by the City during fiscal year 1985 to act as a contingency against possible deficits in health insurance allotments due to higher than anticipated claims in a given year. The balance of this trust fund increased from $10,633,892 at June 30, 1996 to $11,267,079 at June 30, 1997. The increase was due to interest earnings and employee health care deductions, exceeding the transfers and expenses to fund 1997 health care costs by $633,187.

The City's Stabilization Fund had a balance of $5,579,797 on June 30, 1997. This fund is a statutory reserve account. Interest earned by this fund accrues to this trust.

Pension Liability

As of January 1, 1996, the City's unfunded actuarial accrued liability is approximately $108 million. In January, 1991, the City established a State approved funding schedule that will eliminate the City's unfunded actuarial liabilities by June 30, 2028.

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 KPMG Peat Marwick LLP. The independent auditors' report on the financial statements for the year ended June 30, 1997 is included herein. The independent auditors' report on compliance and on internal control over financial reporting in accordance with government auditing standards has also been 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, 1996.

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 has continued to improve its strong financial condition and has been helped by an improved regional economy.

City unemployment has decreased from 3.1% as of June 30, 1996, to 2.1% on June 30, 1997, compared with 4.5% for the state and 5.5% for the United States. Inflation continues at its slow pace while property values are firming. Property sales activity is up in all market sectors, and we are seeing activity in local real estate development with an office vacancy rate of less than 2%.

FUTURE OUTLOOK AND CONCLUSION

While the City maintains its policy of controlled budget growth, it has also maintained its tradition of providing a high level of service to its residents and the local business community. In fact, the overall property tax levy increased at a moderate rate from the prior fiscal year. There continues to be many reasons to be optimistic about the fiscal future of Cambridge.

Real estate development activity has increased in all market sectors. Development will result in new real estate tax growth. New growth is important because it is not subject to Proposition 2-1/2. Low vacancy rates in the local lodging industry have spurred several new hotel projects in the Boston metropolitan area, and Cambridge now has two new hotels under construction with one opening in 1998 and the other in 1999. All sectors of the commercial and residential real estate markets are performing well, boosting real estate sales prices in Cambridge as well.

As of July 1, 1996, the Cambridge Hospital, Health Department and Neville Manor Nursing Home began operating within the framework of the Cambridge Public Health Commission ("CPHC"), an independent authority which is shown in this report for the first time as a component unit of the City. The CPHC also includes the Somerville Hospital, which was acquired by the Cambridge Hospital prior to the establishment of an independent authority, and the Cambridge Hospital Professional Services Corporation (PSC). The separation of the CPHC from the City was successful due mainly to the cooperative effort of both entities with the CPHC recording net income of $3,794,064 to increase its fund balance from the prior year level of $103,980,586 to $107,774,650. The City continued to provide tax support of $8,597,016 to the CPHC with CPHC making an in-lieu-of-tax payment of $2,000,000 to the City. It is expected that, with the completion of the ambulatory care center in 1999, the CPHC will be better able to fulfill its commitment to provide quality healthcare to the Cambridge community.

The City will continue to look for ways to expand its non-property tax revenue; encourage expansion of the tax base and exercise restraint on expenditures. These factors will enable Cambridge to maintain its high level of municipal services and remain fiscally strong.

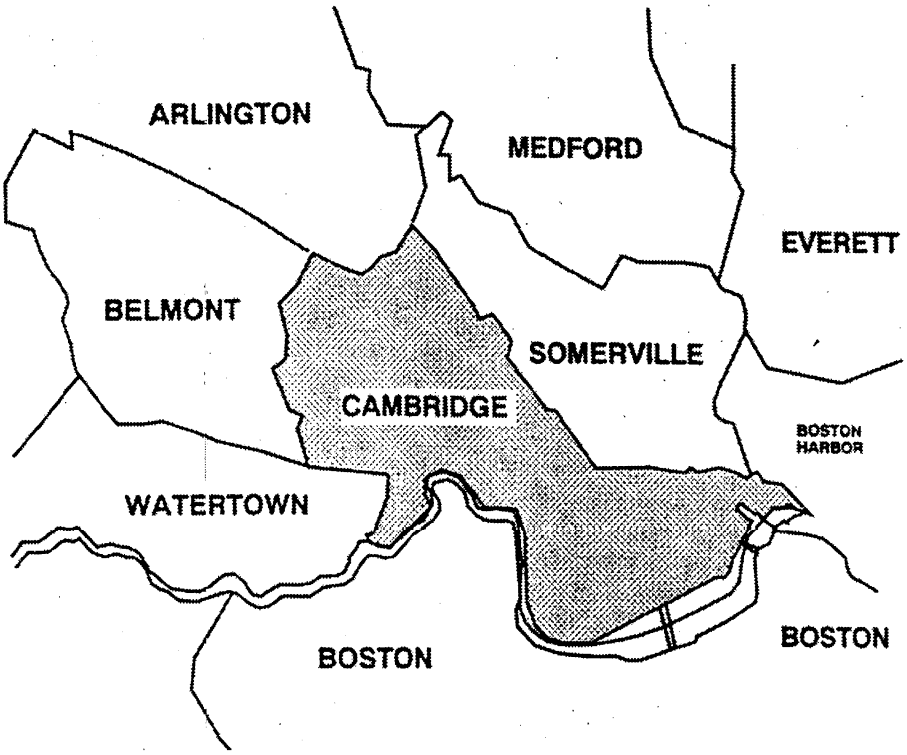
ACKNOWLEDGMENTS

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, 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 93,707 in 1997.

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 City 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, 2000.

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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FISCAL YEAR 1997

DIRECTORY OF OFFICIALS

City Council

Sheila Doyle Russell, Mayor

Kathleen Leahy Born, Vice Mayor	Henrietta Davis
Kenneth E. Reeves	Michael A. Sullivan
Francis H. Duehay	Timothy J. Toomey, Jr.
Anthony Galluccio	Katherine Triantafillou

School Committee

Sheila Doyle Russell, Chairwoman

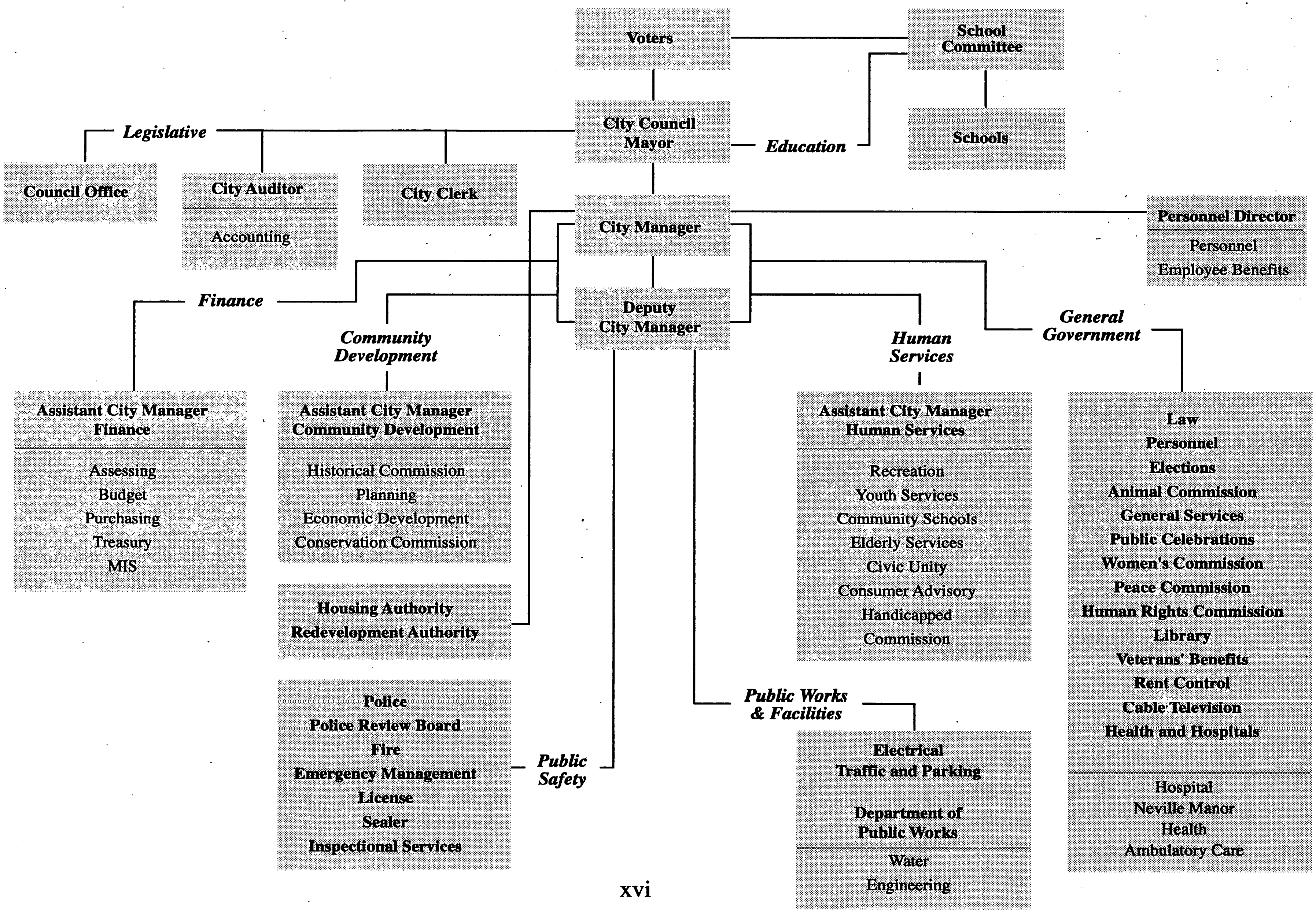
Susana M. Segat	Alice L. Turkel
Alfred B. Fantini	David P. Maher
Joseph G. Grassi	E. Denise Simmons, Vice Chairman

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	Susan B. Schlesinger
Assistant City Manager for Human Services	Jill M. Herold
City Auditor	James A. Lindstrom
City Solicitor	Russell B. Higley
City Clerk	D. Margaret Drury

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, 1996

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.

Linda K. Savitsky

President

Jeffrey L. Esser

Executive Director

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Financial Section

INDEPENDENT AUDITORS' REPORT

The City's general purpose financial statements are audited each fiscal year by an independent public accounting firm. The audits are conducted in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in "Government Auditing Standards" issued by the Comptroller General of the United States.

The auditors' report on the City's general purpose financial statements is contained in this section.

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KPMG Peat Marwick LLP

1897-1997

99 High Street
Boston, MA 02110

Telephone 617 988 1000

Fax 617 988 0800

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 for the City of Cambridge, Massachusetts, as of and for the year ended June 30, 1997, 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 applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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, 1997, and the results of its operations and cash flows of its proprietary and similar trust funds for the year then ended, in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 1997, on our consideration of the City's internal control structure and its compliance with certain laws, regulations, contracts and grants.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements of the City of Cambridge, Massachusetts, 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. 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.

We did not audit the introductory and statistical sections as listed in the table of contents and therefore express no opinion thereon.

The required supplementary information on page 38 is not a required part of the general purpose financial statements but is supplementary information required by the Governmental Accounting Standards Board ("GASB"). We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation, to the supplementary information. However, we did not audit the information and express no opinion on it.

KPMG Peat Marwick LLP

December 15, 1997

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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 of each separate fund and account group.

CITY OF CAMBRIDGE, MASSACHUSETTS

Combined Balance Sheet - All Fund Types, Account Groups, and Discretely Presented Component Units

June 30, 1997

	Governmental Fund Types			Proprietary Fund Types		Fiduciary Fund Types	Account Groups		Total (Memorandum Only)		Total (Memorandum Only)
Assets and Other Debits	General	Special Revenue	Capital Projects	Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-term Obligations	Primary Government	Component Unit CPHC	Reporting Entity
Cash and investments (note 5 and 11)	$ 60,358,932	4,122,424	145,037	3,431,189	727,494	319,145,677	-	-	387,930,753	38,631,491	426,562,244
Restricted cash and investments	-	-	-	-	-	-	-	-	-	56,343,304	56,343,304
Receivables:											
Property taxes	4,379,671	-	-	-	-	-	-	-	4,379,671	-	4,379,671
Tax titles and possessions	7,104,983	-	-	-	-	-	-	-	7,104,983	-	7,104,983
Motor vehicle excise	2,241,346	-	-	-	-	-	-	-	2,241,346	-	2,241,346
Accounts	1,582,978	148,388	-	3,336,563	-	6,612,182	-	-	11,680,111	46,029,124	57,709,235
Accounts receivable - developer	-	1,000,000	-	-	-	-	-	-	1,000,000	-	1,000,000
Allowance for uncollectible receivables	-	-	-	(340,274)	-	-	-	-	(340,274)	(23,870,437)	(24,210,711)
Due from other funds (note 8)	1,841,079	-	14,305,769	2,355,585	-	-	-	-	18,502,433	-	18,502,433
Due from other governments	-	2,202,136	3,121,038	-	-	1,845,693	-	-	7,168,867	-	7,168,867
Due from component unit	4,255,000	-	-	-	-	-	-	-	4,255,000	-	4,255,000
Fixed assets (net, where applicable, of accumulated depreciation) (note 6)	-	-	-	66,471,802	-	-	331,291,632	-	397,763,434	80,857,274	478,620,708
Other assets	223,000	-	-	-	-	1,014,307	-	-	1,237,307	8,036,102	9,273,409
Amount to be provided for retirement of general long-term obligations	-	-	-	-	-	-	-	77,413,899	77,413,899	-	77,413,899
Total assets and other debits	$ 81,986,989	7,472,948	17,571,844	75,254,865	727,494	328,617,859	331,291,632	77,413,899	920,337,530	206,026,858	1,126,364,388

(Continued)

CITY OF CAMBRIDGE, MASSACHUSETTS

Combined Balance Sheet - All Fund Types, Account Groups, and Discretely Presented Component Units (Continued)

June 30, 1997

	Governmental Fund Types			Proprietary Fund Types		Fiduciary Fund Types	Account Groups		Total (Memorandum Only)		Total (Memorandum Only)
Liabilities, Fund Equity (Deficit) and Other Credits	General	Special Revenue	Capital Projects	Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-term Obligations	Primary Government	Component Unit CPHC	Reporting Entity
Liabilities:											
Warrants payable	$ 56,008	13,551	3,911,815	-	-	-	-	-	3,981,374	8,648,675	12,630,049
Accrued liabilities:											
Tax abatement refunds	2,040,414	-	-	-	-	-	-	-	2,040,414	-	2,040,414
Guarantee deposits and amounts due to other taxing authorities	-	-	-	-	-	1,707,592	-	-	1,707,592	-	1,707,592
Compensated absences (note 7)	-	-	-	185,757	-	-	-	8,680,189	8,865,946	8,811,128	17,677,074
Claims (notes 7 and 13)	-	-	-	-	-	-	-	1,809,715	1,809,715	-	1,809,715
Other	14,954,384	775,207	-	47,957	-	520,811	-	-	16,298,359	-	16,298,359
Due to third parties	-	-	-	-	-	-	-	-	-	51,428,152	51,428,152
Due to other funds (note 8)	-	2,841,079	15,661,354	-	-	-	-	-	18,502,433	-	18,502,433
Due to primary government (note 7)	-	-	-	-	-	-	-	-	-	4,255,000	4,255,000
Deferred compensation (note 11)	-	-	-	-	-	25,927,878	-	-	25,927,878	-	25,927,878
Deferred revenue	19,093,220	-	-	-	-	-	-	-	19,093,220	18,809,477	37,902,697
Capital lease obligations	-	-	-	-	-	-	-	-	-	1,082,252	1,082,252
General obligation bonds and notes payable (note 7)	-	-	-	12,211,000	-	-	-	66,923,995	79,134,995	5,217,524	84,352,519
Total liabilities	36,144,026	3,629,837	19,573,169	12,444,714	-	28,156,281	-	77,413,899	177,361,926	98,252,208	275,614,134
Fund equity (deficit) and other credits:											
Investments in general fixed assets	-	-	-	-	-	-	331,291,632	-	331,291,632	-	331,291,632
Retained earnings	-	-	-	62,810,151	727,494	-	-	-	63,537,645	-	63,537,645
Fund balance (deficit):											
Reserved for encumbrances	6,969,634	2,103,085	14,942,065	-	-	-	-	-	24,014,784	1,106,354	25,121,138
Reserved for specific purposes (note 8)	7,894,234	4,336,534	-	-	-	300,461,578	-	-	312,692,346	-	312,692,346
Unreserved (note 14)	30,979,095	(2,596,508)	(16,943,390)	-	-	-	-	-	11,439,197	106,668,296	118,107,493
Total fund equity (deficit) and other credits	45,842,963	3,843,111	(2,001,325)	62,810,151	727,494	300,461,578	331,291,632	-	742,975,604	107,774,650	850,750,254
Commitments and contingencies (note 13)											
Total liabilities, fund equity (deficit) and other credits	$ 81,986,989	7,472,948	17,571,844	75,254,865	727,494	328,617,859	331,291,632	77,413,899	920,337,530	206,026,858	1,126,364,388

See accompanying notes to general purpose financial statements.

CITY OF CAMBRIDGE, MASSACHUSETTS

Combined Statement of Revenues, Expenditures and Changes in Fund Equity (Deficit)
All Governmental Fund Types and Expendable Trust Funds

Year ended June 30, 1997

	Governmental Fund Types			Fiduciary Fund Type	
	General	Special Revenue	Capital Projects	Expendable Trust	Totals (Memorandum Only)
Revenues:					
Property taxes	$ 143,025,347	-	-	-	143,025,347
Payments in lieu of tax receipts	2,355,492	-	-	-	2,355,492
Hotel/motel excise tax	3,861,436	-	-	-	3,861,436
Intergovernmental	36,420,810	14,431,227	3,289,861	-	54,141,898
Private grants	-	241,189	-	-	241,189
Sewer use	18,552,641	-	-	-	18,552,641
Motor vehicle excise	4,497,548	-	-	-	4,497,548
Investment income	2,372,170	616,157	153,869	1,065,316	4,207,512
Other	17,503,592	12,915,838	-	1,825,738	32,245,168
Total revenues	228,589,036	28,204,411	3,443,730	2,891,054	263,128,231
Expenditures:					
Current:					
General government	16,718,937	83,690	-	-	16,802,627
Public safety	55,930,745	482,730	-	-	56,413,475
Community maintenance and development	19,075,660	2,111,665	-	-	21,187,325
Human resource development	11,169,291	3,253,268	-	-	14,422,559
Education	85,514,150	7,357,245	-	-	92,871,395
Fuel assistance	-	744,000	-	-	744,000
Judgments and claims	935,864	-	-	-	935,864
State assessments	20,661,114	-	-	-	20,661,114
Other	-	-	-	1,563,966	1,563,966
Capital outlay	-	-	28,593,912	-	28,593,912
Debt service:					
Principal retirement (note 7)	7,580,828	1,500,000	-	-	9,080,828
Interest	2,302,751	-	-	-	2,302,751
Total expenditures	219,889,340	15,532,598	28,593,912	1,563,966	265,579,816
Excess (deficiency) of revenues over expenditures	8,699,696	12,671,813	(25,150,182)	1,327,088	(2,451,585)
Other financing sources (uses):					
Operating transfers from other funds (note 12)	15,836,240	258,619	9,769,938	3,988,300	29,853,097
Operating transfers to other funds (note 12)	(8,302,998)	(14,448,241)	(2,310,000)	(4,329,415)	(29,390,654)
Transfers from component unit (note 15)	2,000,000	-	-	-	2,000,000
Transfers to component unit (note 15)	(8,597,016)	-	-	-	(8,597,016)
Proceeds from debt (note 7)	-	-	22,713,658	-	22,713,658
Total other financing sources (uses)	936,226	(14,189,622)	30,173,596	(341,115)	16,579,085
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	9,635,922	(1,517,809)	5,023,414	985,973	14,127,500
Fund equity (deficit) at beginning of year	36,207,041	5,360,920	(7,024,739)	22,799,458	57,342,680
Fund equity (deficit) at end of year	$ 45,842,963	3,843,111	(2,001,325)	23,785,431	71,470,180

See accompanying notes to general purpose financial statements.

CITY OF CAMBRIDGE, MASSACHUSETTS

Statement of Revenues and Expenditures - Budgetary Basis
General Fund - Budget and Actual

Year ended June 30, 1997
(with comparative actual amounts for 1996)

	1997 Budget (note 4)	1997 Actual	Variance Favorable (Unfavorable)	1996 Actual
Revenues:				
Property taxes	$ 148,070,000	148,070,000	-	144,441,845
Provisions for tax abatements and adjustments	(4,250,000)	(4,250,000)	-	(4,250,381)
Payments in lieu of tax receipts	3,198,000	2,355,492	(842,508)	3,334,571
Hotel/motel excise tax	2,686,000	3,861,436	1,175,436	3,261,967
Intergovernmental	35,398,842	36,420,810	1,021,968	35,464,750
Sewer use	17,409,500	18,552,641	1,143,141	17,691,787
Motor vehicle excise	2,968,751	4,497,548	1,528,797	3,494,905
Investment income	1,184,160	2,339,903	1,155,743	2,143,441
Other	12,101,036	17,463,534	5,362,498	14,004,678
Total revenues	218,766,289	229,311,364	10,545,075	219,587,563
Expenditures:				
Current:				
General government	17,914,746	16,280,024	1,634,722	17,352,067
Public safety	56,850,585	56,250,701	599,884	54,986,388
Community maintenance and development	21,593,826	21,544,794	49,032	20,317,721
Human resource development	12,098,992	11,912,355	186,637	10,713,945
Education	87,152,944	86,933,392	219,552	85,952,725
Judgments and claims	1,019,569	902,864	116,705	402,368
Intergovernmental	21,227,675	20,661,564	566,111	20,952,766
Debt service:				
Principal retirement	7,879,172	7,580,828	298,344	5,805,474
Interest	2,327,648	2,327,648	-	1,681,470
Total expenditures	228,065,157	224,394,170	3,670,987	218,164,924
Excess (deficiency) of revenues over expenditures	(9,298,868)	4,917,194	14,216,062	1,422,639
Other financing sources (uses):				
Operating transfers in (out):				
Special revenue funds	13,693,090	10,912,584	(2,780,506)	11,427,298
Capital projects funds	(5,532,900)	(6,332,900)	(800,000)	(6,393,355)
Trust funds	3,860,858	2,588,108	(1,272,750)	2,304,858
Enterprise fund	365,450	365,450	-	365,050
From component unit	2,000,000	2,000,000	-	-
To component unit	(8,598,000)	(8,597,016)	984	(10,896,015)
Total other financing sources (uses)	5,788,498	936,226	(4,852,272)	(3,192,164)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(3,510,370)	5,853,420	9,363,790	(1,769,525)
Other budget items:				
Free cash appropriations	3,862,135			
Prior year deficits raised	(351,765)			
Total other budget items	3,510,370			
Net budget and actual	$ -			

See accompanying notes to general purpose financial statements.

CITY OF CAMBRIDGE, MASSACHUSETTS

Combined Statement of Revenues, Expenses and Changes in Retained Earnings/Fund Equity
All Proprietary Fund Types, Nonexpendable Trust Funds
and Discretely Presented Component Unit

Year ended June 30, 1997

	Proprietary Fund Types: Enterprise	Proprietary Fund Types: Internal Service	Fiduciary Fund Types: Non-expendable Trust	Total (Memorandum Only) Primary Government	Component Unit CPHC	Total (Memorandum Only) Reporting Entity
Operating revenues:						
Charges for services	$ 10,576,816	61,078	-	10,637,894	172,801,885	183,439,779
Donations	-	-	23,700	23,700	-	23,700
Investment income	-	-	97,387	97,387	-	97,387
Other	825,039	-	-	825,039	10,761,727	11,586,766
Total operating revenues	11,401,855	61,078	121,087	11,584,020	183,563,612	195,147,632
Operating expenses:						
Administration	1,894,000	-	-	1,894,000	2,248,485	4,142,485
Finance	-	-	-	-	8,601,502	8,601,502
Service and support programs	3,172,153	48,473	-	3,220,626	114,243,555	117,464,181
General services	44,238	-	-	44,238	21,869,314	21,913,552
Depreciation	1,394,121	2,838	-	1,396,959	6,047,099	7,444,058
Provision for bad debts	77,308	-	-	77,308	34,033,151	34,110,459
Other	-	-	-	-	2,925,221	2,925,221
Total operating expenses	6,581,820	51,311	-	6,633,131	189,968,327	196,601,458
Operating income (loss)	4,820,035	9,767	121,087	4,950,889	(6,404,715)	(1,453,826)
Nonoperating revenues and expenses:						
Interest income	-	-	-	-	4,582,374	4,582,374
Interest expense	(806,141)	-	-	(806,141)	(980,611)	(1,786,752)
Income (loss) before operating transfers	4,013,894	9,767	121,087	4,144,748	(2,802,952)	1,341,796
Operating transfers from other funds (note 12)	-	-	120	120	-	120
Operating transfers to other funds (note 12)	(365,450)	-	(97,113)	(462,563)	-	(462,563)
Transfers from component unit (note 15)	-	-	-	-	8,597,016	8,597,016
Transfers to component unit (note 15)	-	-	-	-	(2,000,000)	(2,000,000)
Net income	3,648,444	9,767	24,094	3,682,305	3,794,064	7,476,369
Retained earnings/fund equity:						
Beginning of year	59,161,707	717,727	1,491,044	61,370,478	103,980,586	165,351,064
End of year	$ 62,810,151	727,494	1,515,138	65,052,783	107,774,650	172,827,433

See accompanying notes to general purpose financial statements.

CITY OF CAMBRIDGE, MASSACHUSETTS

Statement of Changes in Plan Net Assets - Pension Trust Fund

Year ended June 30, 1997

Additions:	
Contributions:	
Employer	$ 18,778,889
Employee	9,477,842
Total contributions	28,256,731
Investment income:	
Realized and unrealized gains on investments	1,435,821
Investment income	31,709,940
Total investment income	33,145,761
Intergovernmental	2,437,256
Total additions	63,839,748
Deductions:	
Benefits	22,850,749
Refunds of contributions	2,911,323
Administrative expenses	324,214
Total deductions	26,086,286
Net increase	37,753,462
Net assets held in trust for pension benefits:	
Beginning of year	237,407,547
End of year	$ 275,161,009

See accompanying notes to general purpose financial statements.

CITY OF CAMBRIDGE, MASSACHUSETTS

Combined Statement of Cash Flows
All Proprietary Fund Types, Nonexpendable Trust Funds and Discretely Presented Component Unit

Year ended June 30, 1997

	Proprietary Fund Types: Enterprise	Proprietary Fund Types: Internal Service	Fiduciary Fund Types: Non-expendable Trust	Total (Memorandum Only) Primary Government	Component Unit CPHC	Total (Memorandum Only) Reporting Entity
Cash flows from operating activities:						
Operating income (loss)	$ 4,820,035	9,767	121,087	4,950,889	(6,404,715)	(1,453,826)
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:						
Reclassification of investment income	-	-	(97,387)	(97,387)	-	(97,387)
Depreciation	1,394,121	2,838	-	1,396,959	6,047,099	7,444,058
Provision for bad debts	77,308	-	-	77,308	34,033,151	34,110,459
Change in assets and liabilities:						
Accounts receivable	(758,495)	-	(176)	(758,671)	(41,618,672)	(42,377,343)
Inventories and other current assets	-	-	-		266,271	266,271
Interfund receivables	(2,355,585)	-	-	(2,355,585)	3,796,921	1,441,336
Accrued liabilities	(174,373)	-	-	(174,373)	12,656,260	12,481,887
Interfund payables	(880,755)	-	-	(880,755)	4,255,000	3,374,245
Deferred revenue	-	-	-	-	8,072,725	8,072,725
Net cash provided by operating activities	2,122,256	12,605	23,524	2,158,385	21,104,040	23,262,425
Cash flows from noncapital financing activities:						
Transfers - in	-	-	120	120	8,597,016	8,597,136
Transfers - out	(365,450)	-	(97,113)	(462,563)	(2,000,000)	(2,462,563)
Net cash provided by (used for) non-capital financing activities	(365,450)	-	(96,993)	(462,443)	6,597,016	6,134,573
Cash flows from capital and related financing activities:						
Acquisition of capital assets	(2,851,229)	-	-	(2,851,229)	(22,850,416)	(25,701,645)
Proceeds from bonds	5,600,000	-	-	5,600,000	-	5,600,000
Principal paid on bonds	(3,098,000)	-	-	(3,098,000)	(668,403)	(3,766,403)
Interest paid on bonds	(806,141)	-	-	(806,141)	(980,611)	(1,786,752)
Equity transfer to Somerville Health Foundation	-	-	-	-	(500,000)	(500,000)
Net cash provided by (used for) capital and related financing activities	(1,155,370)	-	-	(1,155,370)	(24,999,430)	(26,154,800)
Cash flows from investing activities:						
Investment income	-	-	97,387	97,387	8,421,457	8,518,844
Additions to restricted cash	-	-			(22,357,007)	(22,357,007)
Net cash provided by (used for) investing activities	-	-	97,387	97,387	(13,935,550)	(13,838,163)
Net increase (decrease) in cash and cash equivalents	601,436	12,605	23,918	637,959	(11,233,924)	(10,595,965)
Cash and cash equivalents at beginning of year	2,829,753	714,889	481,236	4,025,878	49,865,415	53,891,293
Cash and cash equivalents at end of year	$ 3,431,189	727,494	505,154	4,663,837	38,631,491	43,295,328

Reconciliation to combined balance sheet:	
Cash and cash equivalents - Above	505,154
Cash and cash equivalents - Pension Trust Fund	22,366,096
Cash and cash equivalents - Expendable Trust Fund	15,270,780
Cash and cash equivalents - Agency Fund	1,707,592
Total cash and cash equivalents	39,849,622
Investments	279,296,055
Total cash and investments	319,145,677

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

(1) The Financial Reporting Entity

(a) Primary Government

Settled in 1630 by a group from the Massachusetts Bay Company, the City of Cambridge was incorporated as a town in 1636 and became a city in 1846. Since 1940, the City has operated under a Council Manager form of government. The legislative body of the City is the City Council, consisting of nine members elected at large every two years; the Mayor and Vice-Mayor are elected by the Council from among its members for a two-year term. Executive authority resides with the City Manager, who is appointed by the Council and is responsible for the delivery of services to City residents.

The Mayor also serves as Chair of the School Committee. The School Committee, whose members are elected, have full authority for operations of the school system and appoint a superintendent to administer the system's day-to-day operations.

The accompanying general purpose financial statements present the City of Cambridge and its component units. The component units discussed below are included in the City's reporting entity because of the significance of their operational or financial relationships with the City.

(b) Blended Component Unit Disclosure

The Cambridge Retirement System (the "System") is a defined benefit contributory retirement system created under state statute. It is administered by a Retirement Board comprised of five members: the City Auditor who serves as ex-officio; two individuals elected by participants in the System; a fourth member appointed by the City Manager and an individual chosen by the other members. The System provides pension benefits to retired City and certain retired CPHC employees. Although legally separate, the System provides services entirely or almost entirely to the City and thus has been reported as if it were part of the primary government; a method of inclusion known as blending.

Financial statements for the System are included herein for its fiscal year ended December 31, 1996 and are available from its offices on 255 Bent Street, Cambridge, Massachusetts.

(c) Discretely Presented Component Unit Disclosure

The Cambridge Public Health Commission ("CPHC") is a body politic and corporate and public instrumentality of the Commonwealth established by Chapter 147 of the Acts of 1996. CPHC is governed by a nineteen-member board, all of whom are appointed by the City Manager. CPHC is responsible for the implementation of public health programs in the City.

CPHC is reported in a separate column to emphasize that it is legally separate from the City but is included in the financial statements because the City is able to impose its will on the organization. In addition, the notes to the general purpose financial statements pertain only to the primary government, unless otherwise indicated.

Complete financial statements for the CPHC for its fiscal year ended June 30, 1997 are available from its offices on 65 Beacon Street, Somerville, Massachusetts 02143.

(Continued)

(d) Joint Ventures

Municipal joint ventures pool resources to share the costs, risks and rewards of providing services to their participants, the general public or others. The City is a participant in a joint venture to operate the Massachusetts Bay Transportation Authority (MBTA), a component unit of the Commonwealth of Massachusetts (the "Commonwealth"). The City is indirectly liable for debt (see note 7) and other expenses incurred by the MBTA. The MBTA, created in 1964 as a body politic and corporate and political subdivision of the Commonwealth, provides rapid transit and other mass transportation services to the City and to 78 other cities and towns within its jurisdiction. The City's annual assessment, including debt service, from the MBTA for 1997 amounted to $6,615,479. The City does not have an equity interest in the MBTA.

Complete financial statements for the MBTA can be obtained from the MBTA administrative offices at 10 Park Plaza, Boston, Massachusetts 02116.

The Massachusetts Water Resources Authority (the "Authority"), a public instrumentality of the Commonwealth, provides water supply services and sewage collection, treatment and disposal services to various cities and towns within the Commonwealth, including the City.

The Authority is governed by an eleven-member Board of Directors chaired by the Commonwealth's Secretary of Environmental Affairs. Four board members are appointed by the Governor, three by the Mayor of Boston, Massachusetts, three by the Authority's Advisory Board and one upon the recommendation of the Mayor of Quincy, Massachusetts and Board of Selectmen of Winthrop, Massachusetts.

While the City does not have an equity interest in the Authority, it is indirectly liable for its debt (see note 7) and certain other Authority expenses. The City's annual assessment for 1997, including debt service from the Authority was $13,070,239.

Complete financial statements for the Authority can be obtained at the Authority's administrative offices at 100 First Avenue, Boston, Massachusetts 02129.

(e) Related Organization

The Manager is responsible for appointing four of five board members to the Cambridge Housing Authority, subject to confirmation by the Council. However, the City's accountability for this organization does not extend beyond making these appointments.

(2) Summary of Significant Accounting Policies

The 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 followed by the City:

(a) Basis of Presentation

The City has elected to present the discretely presented component unit using the single-column method. The operations of the discretely presented component unit have been reported in the financial statements which reflect the predominant basis of accounting used by the entity.

(Continued)

The operations of the City and its blended component unit are recorded in the following fund types and account groups:

GOVERNMENTAL FUND TYPES

Governmental Funds are used to account for the City's expendable financial resources and related liabilities (except those accounted for in proprietary funds and nonexpendable trust funds). The measurement focus is based upon determination of changes in financial position and the flow of current financial resources. 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 expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes.

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

PROPRIETARY FUND TYPES

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

Enterprise Fund - This fund is used to account for City Water 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; and (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 to other departments of the City, 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. Expendable trust funds are accounted for similar to governmental funds. Nonexpendable trust funds and pension trust funds are accounted for similar to proprietary funds. Agency funds are custodial in nature and do not involve measurement of results of operations.

(Continued)

ACCOUNT GROUPS

Account groups are a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the governmental funds because they do not affect net expendable available financial resources. 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 enterprise funds.

(b) Basis of Accounting

The modified accrual basis of accounting is followed by governmental funds, expendable trust funds, and agency funds. Under the modified accrual basis of accounting, revenues are recorded when they become measurable and available to pay liabilities of the current period. Revenues not considered available are recorded as deferred 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 vacation and sick leave, and self-insured claims, which are recorded in the general long-term obligations account group.

In applying the susceptible to accrual concept to intergovernmental revenues, there are essentially two types of revenues. In one, resources must be expended on the specific purpose or project before any amounts will be paid to the City; therefore, revenues are recognized based upon the expenditures incurred. In the other, resources are virtually unrestricted and are usually revocable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met.

Property taxes are recognized as revenue in the year for which taxes have been levied, provided they are collected within 60 days after year-end. Other revenues are recorded when received in cash, except investment earnings which are recorded as earned.

The accrual basis of accounting is used by proprietary funds, nonexpendable trust funds, and pension trust funds. Revenues are recognized when earned and expenses are recognized when goods or services have been received or a liability has been incurred.

The City and its component unit have elected to apply to its proprietary funds and nonexpendable trust funds accounting standards applicable to the private sector issued on or before November 30, 1989, unless those standards conflict with or contradict pronouncements of the Governmental Accounting Standards Board.

(c) Investments

Investments of pension trust funds and deferred compensation plans are presented in the accompanying general purpose financial statements at fair market value. All other investments are stated at cost or amortized cost, which approximates market.

(Continued)

(d) Cash Equivalents

For purposes of the combined statement of cash flows, the proprietary, nonexpendable trust funds and CPHC consider all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

(e) 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 combined balance sheet because they do not constitute expenditures or liabilities. Encumbrances and continuing appropriations are combined with expenditures for budgetary comparison purposes.

(f) Compensated Absences

Employees are granted sick and vacation leave in varying amounts. Upon retirement, termination or death, eligible employees are compensated for unused sick and vacation leave (subject to certain limitations) at specified payment rates established by contract, regulation or policy. The cost of compensated absences for employees of proprietary funds is recorded as earned. For other funds, the noncurrent portion of the liability for compensated absences is reported in the general long-term obligations account group.

The liabilities for accrued sick leave are determined based on the number of allowable days accumulated at June 30, 1997 (vesting method).

(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. Purchased fixed assets are valued at cost where historical records are available and at estimated historical cost where no historical records exist. Donated fixed assets are valued at their estimated fair market value at the time received.

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

(Continued)

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 because it is not material.

(h) Property, Plant and Equipment

Property, plant and equipment owned by the proprietary funds is stated at historical cost or estimated fair market value at the time received. Net interest costs are capitalized on projects during the construction period. 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 other than buildings	10-20 years
Equipment	5-30 years

(i) Use of Estimates

The preparation of general purpose financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(j) Restricted Cash and Investments

Restricted cash and investments include: assets set aside by the Board of Trustees of CPHC for future capital improvements, including funded depreciation, over which the Board retains control and may at its discretion subsequently use for other purposes.

(k) Total Columns - Memorandum Only

Total columns on the general purpose financial statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations or cash flows in conformity with generally accepted accounting principles. Such data are not comparable to a consolidation since interfund and other eliminations have not been made.

(Continued)

(3) Property Taxes

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

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 City Manager. School Department appropriations are acted upon directly by the School Committee up to the level of certain prior year school appropriations. The City Manager may recommend additional sums for school purposes. In addition, the City Manager may submit to the City Council such supplementary appropriation orders as are deemed necessary. The City Manager may amend appropriations within the above mentioned categories for a department without seeking City Council approval.

The City Council may reduce or reject any item in budgets submitted by the City Manager but may not increase or add items without the recommendation of the City Manager. Supplemental appropriations for the year ended June 30, 1997, after the setting of the tax rate, were $2,327,088 and are reflected in the budgetary basis 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.

(Continued)

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 and Expenditures - Budgetary Basis - 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).

A summary of the differences between the results of operations presented on a budgetary basis and those presented in accordance with GAAP is as follows:

	Revenues	Expenditures
As reported on a budgetary basis	$ 229,311,364	224,394,170
Adjustments:		
To record revenue and other financing sources on a modified accrual basis of accounting	(722,328)	-
To adjust for encumbrances and continuing appropriations	-	(4,504,830)
As reported on GAAP basis	$ 228,589,036	219,889,340

(5) 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 Cambridge Retirement System and administrators of the Employees' Deferred Compensation plan have additional investment powers, most notably the ability to invest in common stocks, corporate bonds and other specified investments.

Deposits
The following summary presents the amount of City deposits which are fully insured or collateralized with securities held by the City or its agent in the City's name (Category 1), those deposits which are collateralized with securities held by the pledging financial institution's trust department or agent in the City's name (Category 2), and those deposits which are not collateralized (Category 3) at June 30, 1997.

(Continued)

Primary Government		Bank Balances Category 1	2	3	Total Bank Balance	Carrying Amount
Cash	$	300,000	-	13,603,732	13,903,732	16,062,141
Money market		389,432	22,366,096	16,995,648	39,751,176	33,927,024
Total	$	689,432	22,366,096	30,599,380	53,654,908	49,989,165
Discretely presented component unit (CPHC)						
Cash	$	100,000	-	7,195,810	7,295,810	7,295,810
Money market		100,000	-	6,562,902	6,662,902	6,662,902
Total	$	200,000	-	13,758,712	13,958,712	13,958,712

Investments

The City categorizes investments according to the level of risk assumed by the City. Category 1 includes investments that are insured, registered or held by the City's agent in the City's name. Category 2 includes uninsured and unregistered investments held by the counterparty's trust department or agent in the City's name. Category 3 includes uninsured and unregistered investments held by the counterparty, its trust department or its agent, but not in the City's name. Investments in MMDT, mutual funds and insurance contracts, pooled funds, are not categorized.

Primary Government		Category 1	2	3	Not Categorized	Carrying Amount	Estimated Market Value
MMDT	$	-	-	-	58,609,867	58,609,867	58,609,867
Mutual funds		-	-	-	25,927,878	25,927,878	25,927,878
Common stocks		-	142,755,968	-	-	142,755,968	142,755,968
Corporate bonds		-	61,135,354	-	-	61,135,354	61,135,354
U.S. Treasury notes		-	42,399,045	-	-	42,399,045	42,372,696
Insurance contracts		-	-	-	7,113,476	7,113,476	7,113,476
Total	$	-	246,290,367	-	91,651,221	337,941,588	337,915,239
Discretely presented component unit (CPHC)							
MMDT	$	-	-	-	46,998,217	46,998,217	46,998,217
U.S. Government obligations		-	34,017,866	-	-	34,017,866	34,017,866
Total investments	$	-	34,017,866	-	46,998,217	81,016,083	81,016,083

The composition of the City's bank-recorded deposits and investments fluctuates depending primarily on the timing of real estate tax receipts, proceeds from borrowings, collection of state and federal aid, and capital outlays throughout the year.

(Continued)

Of the investments reflected in the preceding table, investments of the Cambridge Retirement System constitute 96% of the amount in Category 2.

(6) Fixed Assets

A summary of general fixed assets activity in the general fixed assets account group for the year ended June 30, 1997 follows:

	Balance June 30, 1996	Additions	Disposals	Balance June 30, 1997
Land	$ 172,062,238	50,000	-	172,112,238
Buildings	106,833,389	5,239,933	-	112,073,322
Improvements other than buildings	11,575,587	541,416	-	12,117,003
Equipment	26,896,199	3,314,793	1,902,093	28,308,899
Construction in progress	6,962,672	3,699,474	3,981,976	6,680,170
	$ 324,330,085	12,845,616	5,884,069	331,291,632

A summary of proprietary fund type property, plant, and equipment at June 30, 1997 follows:

	Enterprise	Internal Service
Land	$ 39,219,717	-
Buildings	9,349,880	-
Improvements other than buildings	16,623,530	-
Equipment	9,993,853	-
Construction in progress	2,058,802	171,181
	77,245,782	171,181
Less accumulated depreciation	(10,773,980)	(171,181)
	$ 66,471,802	-

Construction in progress at June 30, 1997 is comprised of the following:

	Project Authorization	Expended	Committed
General Fixed Assets:			
City hall renovations	$ 5,350,000	699,486	4,650,514
Geographic information	1,500,000	984,254	515,746
East Cambridge youth center	4,300,000	3,423,487	876,513
Morse school	9,830,000	646,515	9,183,485
Fitzgerald school	14,432,000	926,428	13,505,572
	$ 35,412,000	6,680,170	28,731,830
Water Fund:			
Water treatment plant	$ 3,555,000	2,058,802	1,496,198

(Continued)

Discretely Presented Component Unit (CPHC)
Property, plant and equipment at June 30, 1997 are comprised of the following:

Land and improvements	$	6,733,564
Buildings and improvements		35,091,029
Major moveable equipment		33,616,218
Fixed equipment		36,937,533
Construction in progress		27,339,080
		139,717,424
Less accumulated depreciation		(58,860,150)
	$	80,857,274

(7) Long-term Debt

Primary Government
The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are backed by the full faith and credit of the City. 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 Cambridge Public Health Commission has assumed responsibility for paying to the City an amount equal to current debt service on all outstanding general obligation bonds of the City issued for public health and hospital purposes. These general obligation bonds amounted to $4,255,000 at June 30, 1997.

The following is a summary of general obligation bond and notes payable transactions of the City for the year ended June 30, 1997:

	Governmental Funds	Enterprise Fund	Total
Bonds and notes payable at June 30, 1996	$ 57,068,165	9,709,000	66,777,165
Debt retired: Serial bonds	(12,857,828)	(3,098,000)	(15,955,828)
Additional debt	22,713,658	5,600,000	28,313,658
Bonds and notes payable at June 30, 1997	$ 66,923,995	12,211,000	79,134,995

Principal retirement of governmental funds has been reflected in the general purpose financial statements as debt service expenditures of $9,080,828 and education expenditures of $3,777,000 totaling $12,857,828 of principal costs.

(Continued)

The following is a summary of the composition of general long-term obligations outstanding at June 30, 1996 and 1997:

Description and Repayment Terms	Date of Obligation	Original Issue	Maturity Date	Interest Rates	Outstanding June 30, 1996	Additions	Retirements	Outstanding June 30, 1997
General purpose, serial maturities through June 15, 2007	6/15/87 to 6/15/97	$ 16,755,000	6/15/07	4.3% to 6.0%	$ 2,035,000	11,170,000	1,195,000	12,010,000
Urban redevelopment, serial maturities through June 15, 2007	7/1/85 to 6/15/97	21,820,000	6/15/07	3.75% to 6.6%	11,105,000	3,585,000	2,355,000	12,335,000
Schools, serial maturities through February 1, 2004	6/15/78 to 6/15/96	50,240,000	6/15/06	3.75% to 5.75%	21,311,000	2,340,000	3,722,000	19,929,000
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%	1,250,000	-	650,000	600,000
Sewer, serial maturities through August 1, 2008	9/1/72 to 6/15/97	22,492,838	8/1/08	2.35% to 5.75%	12,977,165	5,618,658	1,795,828	16,799,995
Section 108 HUD notes payable		2,500,000			2,500,000	-	1,505,000	995,000
Hospital, serial maturities through June 15, 2000	6/15/87 to 6/15/90	14,850,000	6/16/00	5.6% to 6.6%	4,990,000	-	1,485,000	3,505,000
Neville Manor, serial maturities through June 15, 2002	6/15/92	1,500,000	6/15/02	4.3% to 5.3%	900,000	-	150,000	750,000
Total bonds and notes payable		$ 136,657,838			57,068,165	22,713,658	12,857,828	66,923,995
Accrued compensated absences					8,942,982	-	262,793	8,680,189
Accrued claims					2,734,131	1,183,353	2,107,769	1,809,715
Total general long-term obligations					$ 68,745,278	23,897,011	15,228,390	77,413,899

(Continued)

The annual requirements to amortize all general long-term obligation bonds and notes payable outstanding as of June 30, 1997, are as follows:

Year ending June 30,		Principal	Interest	Total
1998	$	11,065,884	3,289,532	14,355,416
1999		9,565,156	2,787,048	12,352,204
2000		8,622,059	2,310,273	10,932,332
2001		7,759,088	1,862,932	9,622,020
2002		7,460,554	1,396,652	8,857,206
Thereafter		22,451,254	2,894,040	25,345,294
	$	66,923,995	14,540,477	81,464,472

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 has entered into loan agreements with the Massachusetts Water Pollution Abatement Trust (MWPAT). The loans provide funding for the Sewer Separation Project. According to the loan agreements, the City will be subsidized on a periodic basis for debt and interest costs. The City received $1,167,196 in subsidies during fiscal 1997. Loan repayments commenced on February 1, 1994 and end on August 1, 2008, with interest rates ranging from 2.35% to 5.25%.

The City is subject to a dual level general debt limit; the normal debt limit and the double debt limit. Such limits are equal to 2-1/2% and 5%, respectively, of the valuation of taxable property in the City as last equalized by the Commonwealth's Department of Revenue. Debt may be authorized up to the normal debt limit without state approval. Authorizations under the double debt limit, however, require the approval of the Commonwealth's Emergency Finance Board. Additionally, there are many categories of general obligation debt which are exempt from the debt limit but are subject to other limitations.

As of June 30, 1997, the City may issue approximately $146,403,703 additional general obligation debt under the normal debt limit. The City has approximately $31,075,000 of debt exempt from the debt limit.

(Continued)

Authorized and unissued debt at June 30, 1997, is as follows:

School Renovations	$ 700,000
City Hall Renovations	4,830,000
Hospital Construction	30,000,000
Sewer Separation Project	23,789,798
Section 108 Biotechnology	3,500,000
Fitzgerald School Renovations	14,432,000
Morse School Renovations	12,000,000
East Cambridge Youth Center	700,000
One Per Cent for the Arts	61,000
FiberOptic Network Infrastructure	355,000
Reconnection of Sanitary Services	1,300,000
	$ 91,667,798

At June 30, 1997, the City had grants receivable from the School Building Assistance Bureau (SBAB) of $14,777,862 to defray principal and interest costs related to $24,090,491 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. During 1997, the City received $2,315,831 of such assistance. Assuming satisfactory audit results and annual appropriations by the State legislature, $2,274,794 will be received in 1998, $2,213,285 in 1999 and the balance will be received in subsequent years.

Enterprise Fund serial bond issues outstanding at June 30, 1997 for the Water Fund were $12,211,000. The interest rates ranged from 3.75% to 6.6%. Outstanding debt matures in subsequent fiscal years as follows:

	Principal	Interest	Total
1998	$ 2,898,000	642,766	3,540,766
1999	2,900,000	487,965	3,387,965
2000	2,513,000	332,416	2,845,416
2001	1,487,000	199,176	1,686,176
2002	542,000	123,079	665,079
Thereafter	1,871,000	221,597	2,092,597
	$ 12,211,000	2,006,999	14,217,999

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, 1997 and the City's 1997 assessment from each entity:

(Continued)

	Long-term debt outstanding (unaudited)	The City's estimated share	The City's estimated indirect debt	1997 Assessment including debt service
MBTA	$ 3,043,815,000	4.41%	$ 134,232,512	$ 6,615,479
MWRA	3,230,199,000	4.39%	141,683,244	13,070,239
Middlesex County	1,680,000	11.60%	195,000	195,000

Discretely Presented Component Unit (CPHC)

Long-term debt, net of unamortized discounts, at June 30, 1997 consists of:

Massachusetts Health and Educational Facilities Authority Revenue Bonds:	
Revenue bonds - Series A	$ 3,917,218
HUD bonds	1,141,291
Other	159,015
Long-term portion	$ 5,217,524

Massachusetts Health and Educational Facilities Authority Revenue Bonds

In 1975, Somerville Hospital entered into a Federal Housing Administration ("FHA") mortgage loan agreement which is insured by the U.S. Department of Housing and Urban Development ("HUD") and reinsured by the Government National Mortgage Association ("GNMA"). The debt is collateralized by a mortgage on substantially all of Somerville Hospital's property, plant and equipment. After modification of the original mortgage through the issuance of Massachusetts Health and Educational Facilities Authority ("MHEFA") Revenue Bonds in 1981, the FHA mortgage loan agreement consisted of two portions:

Revenue Bonds - Series A - Financing of this portion was provided through the issuance of $9,140,000 of MHEFA Revenue Bonds, Somerville Hospital Issue, Series A, which bear interest at 7.5% and are payable in varying semiannual installments through July 1, 2003. The remaining balance at June 30, 1997 has been reduced by an unamortized discount of $192,808 which is being amortized over the term of the debt.

HUD Bonds - Financing of this portion was provided through the issuance of $2,500,000 GNMA guaranteed securities, with repayments amounting to $20,980 monthly through June 2003, at an annual interest rate of 9%. The remaining balance at June 30, 1997 has been reduced by an unamortized discount of $10,341 which is being amortized over the term of the debt.

(Continued)

Somerville Hospital has entered into a mortgage agreement on certain residential properties. The agreement requires monthly payments of $1,700, which includes interest at 10 1/2% through 2013. Also, Somerville Hospital entered into a commercial loan during 1990. This note requires monthly payments of $5,397, which includes interest at 10 1/2% through the year 2000.

Total principal payments required on long-term debt of CPHC in future years are as follows:

1998	$ 727,931
1999	788,593
2000	854,334
2001	925,584
2002	1,002,915
Thereafter	1,121,316
	5,420,673
Less: Unamortized discount	203,149
	$ 5,217,524

(8) Individual Fund Receivables, Payables and Fund Balances Reserved for Specific Purposes

Individual balances of amounts due from and to other funds at June 30, 1997 are as follows:

	Due from other funds	Due to other funds
General Fund	$ 1,841,079	-
Capital Projects Fund	14,305,769	15,661,354
Enterprise Funds:		
Water Fund	2,355,585	-
Special Revenue Funds:		
CDBG Grants	-	2,106,945
Other Grants	-	734,134
	$ 18,502,433	18,502,433

(Continued)

Fund balances are reserved for the following purposes as of June 30, 1997:

General Fund:	
Fiscal 1998 Appropriations	$ 1,421,962
Reserve for Unprovided Abatements	3,242,272
Tobin/Russell Soil Testing	100,000
Coffon Building Renovations	60,000
Lombardi Building Renovations	45,000
City Hall Annex Renovations	100,000
Street/Sidewalk Reconstruction	200,000
Park Preventative Maintenance Program	100,000
Beautification Program	175,000
Improvements to Buildings for Persons with Disabilities	50,000
Improvements to High School	50,000
Replacement of Underground Fuel Tanks	100,000
Affordable Housing Trust	2,250,000
	$ 7,894,234
Special Revenue Funds:	
CDBG Grants	108,192
Fuel Assistance Grants	194,085
Parking Funds	3,861,818
School Grants	172,439
	$ 4,336,534
Trust Funds:	
Retirement System	275,161,009
City Stabilization	5,579,797
School Stabilization	1,514,771
Health Claims	11,267,079
Housing	4,329,068
Cemetery Perpetual Care	1,545,978
School	184,587
Neville Manor	75,479
Library	144,099
Other Trust Funds	659,711
	$ 300,461,578

(9) Retirement Plan

(a) Plan Description

The City contributes to the Cambridge Retirement System ("System"), a cost sharing, multi-employer public employee retirement system that acts as the investment and administrative agent for the City, Cambridge Public Health Commission, and Cambridge Housing Authority. The system provides retirement, disability, and death benefits to plan members and beneficiaries. The System is a member of the Massachusetts Contributory System which is governed by Chapter 32 of the Massachusetts General laws ("MGL").

(Continued)

(b) Membership

Membership in the System consisted of the following at January 1, 1997, the date of the latest actuarial valuation:

Retirees and beneficiaries receiving benefits	1,574
Terminated plan members entitled to but not receiving benefits	535
Active plan members	3,422
Total membership	5,531
Total number of participating employers	3

(c) Contribution

Plan members are required to contribute to the System, depending on their employment date. Active members must contribute between 5% and 9% of their regular gross compensation depending on the date upon which their membership began. Members hired after December 31, 1978 must contribute an additional 2% of regular compensation in excess of $30,000. Participating employers are required to pay into the System, their share of the remaining system-wide actuarially determined contribution and plan administration costs. The Commonwealth reimburses the City for a portion of the benefit payments for cost-of-living increases. The contributions of plan members and the participating employers are governed by Chapter 32 of the MGL. The City's and the Cambridge Public Health Commission's contributions to the System for the years ended June 30, 1997, 1996 and 1995 were $15,190,779, $15,066,694, $13,126,889 and $3,588,110, $3,355,800 and $2,975,100, respectively, which equaled their required contributions for each year.

(d) Legally Required Reserve Accounts

The balances in the System's legally required reserves (on the statutory basis of accounting) at December 31, 1996 are as follows:

Description	Amount	Purpose
Annuity Saving Fund	$ 88,167,274	Active members' contribution balance
Annuity Reserve Fund	23,132,544	Retired members' contribution account
Military Service Credit	603	Members' contribution account while on military leave
Expense Account	146,130	Balance of amount appropriated for administering the system
Pension Reserve Fund	93,890,621	Amounts appropriated to fund future retirement benefits
Pension Fund	68,876,943	Remaining net assets
Total	$ 274,214,115	

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

(Continued)

(e) Investment Concentration

There were no investments (other than those issued or guaranteed by the U.S. Government) in any one organization that represent 5% or more of plan net assets.

(10) Other Post-employment Benefit Disclosures

All retired employees eligible for pension benefits as well as teachers covered under the Commonwealth of Massachusetts Teachers' Retirement System ("TRS") receive certain post-retirement benefits including major health, dental, and life insurance under Chapter 32 of the MGL. The City funds 90% of health insurance premiums, with the remaining 10% paid by the retiree. The City also funds 75% of life insurance premiums, with the remaining 25% paid by the retiree. The City funds 100% of dental and vision premiums. The number of employees covered was 1,574 at June 30, 1997. The City's cost of these post-retirement benefits for fiscal 1997 was $3,766,417 and is funded and accounted for on a pay-as-you-go basis.

(11) Deferred Compensation Plan

The City has a deferred compensation plan created in accordance with Section 457 of the Internal Revenue Code. The Plan, available to all City and Cambridge Health Commission employees, permits them to defer a portion of their current salary to future years. The deferred compensation is not available to the participants until termination, retirement, death or unforeseeable emergency.

In accordance with Section 457 of the Internal Revenue Code, all amounts of compensation deferred under the Plan, all property and rights purchased with such amounts, and all income attributable to such amounts, property or rights are (until made available to the employee or other beneficiary) solely the property and rights of the City (without being restricted to the provisions of benefits under the Plan) subject only to the claims of the City's general creditors.

Participants' rights created under the Plan are equivalent to those of general creditors of the City and only in an amount equal to the fair market value of the deferred account maintained with respect to each participant. Plan assets have been used for no purpose other than to pay benefits. In addition, the City believes that it is unlikely that it will use the assets to satisfy the claims of general creditors in the future. The City records the plan assets and the related liability to plan participants as an agency fund.

The City and its agent have no liability for losses under the Plan, but do have the duty of care that would be required of an ordinary prudent investor.

The Plan allows its participants to direct their contributions among several publicly traded mutual funds and other pooled investment vehicles, as provided by the Plan. These investment vehicles routinely use derivatives in varying degrees to achieve their overall performance objectives, however, these investments are immaterial in total. The Plan's investments are not subject to review or approval by the City.

(Continued)

The assets and liabilities of the City's deferred compensation plan with a market value of $25,927,878 are included in Agency Funds at June 30, 1997.

(12) Operating Transfers

Operating transfers constitute the transfer of resources from the fund that receives the resources to the fund that utilizes them. Operating transfers during the year were as follows:

		General	Special Revenue	Capital Projects	Enterprise	Expendable Trust	Non-Expendable Trust
Parking Receipts	$	10,912,584	(11,351,084)	438,500	-	-	-
Capital Improvements		(5,297,900)	-	5,297,900	-	-	-
Sewer Reconstruction		(1,035,000)	-	1,035,000	-	-	-
Water Overhead		365,450	-	-	(365,450)	-	-
Health Claims Trust		1,733,728	-	-	-	(1,733,728)	-
Miscellaneous Trusts		-	-	-	-	90,901	(90,901)
Cemetery Perpetual Care		45,000	-	100,000	-	(138,908)	(6,092)
School Stabilization		809,380	-	-	-	(809,380)	-
Housing Trust		-	-	(2,250,000)	-	2,250,000	-
Community Development Block Grant		-	(2,838,538)	2,838,538	-	-	-
	$	7,533,242	(14,189,622)	7,459,938	(365,450)	(341,115)	(96,993)

(13) Risk Management

The City is exposed to various risks of loss related to general liability, property and casualty, workers' compensation, unemployment and employee health insurance claims.

Police Department vehicles are insured through an outside agency and all other vehicle damage and loss is self-insured. The City is self-insured for other general liability; however, Chapter 258 of the MGL limits the liability to a maximum of $100,000 per claim in all matters except actions relating to federal/civil rights, eminent domain and breach of contract. The City is also self-insured for workers' compensation and unemployment claims.

The City has a Blue Cross/Blue Shield PPO (Preferred Provider Organization) medical plan under which it makes actual claims payments. In this case, Blue Cross/Blue Shield acts as a claims processor and a transfer of risk does not occur. Approximately 70% of the City's employees participate in the self insured plan with the remainder electing preferred provider plans that are premium based.

Employees contribute approximately 10% of the cost of healthcare with the remainder paid by the City. These costs are accounted for in the general fund. The contribution rate for retirees is 1% for those who qualify for Medicare and 10% for those who do not. While the City does not carry stop-loss insurance, it has set aside $11,267,079 in a trust fund for this purpose. The City maintains a working deposit with Blue Cross/Blue Shield of $223,000 at June 30, 1997.

(Continued)

Liabilities for claims incurred but not paid or reported are recorded in the general long-term obligations account group.

Changes in the self insurance liability for fiscal years ended June 30, 1997 and 1996 are as follows:

	General Long-Term Obligations Account Group 1997	1996
Accrued claims, beginning of year	$ 2,734,131	2,445,000
Incurred claims	1,183,353	1,103,981
Less:		
Payments of claims attributable to events of both current and prior fiscal years	(1,459,255)	(814,850)
Hospital claims transferred to CPHC	(648,514)	-
Accrued claims, end of year	$ 1,809,715	2,734,131

There are numerous cases pending in courts throughout the Commonwealth where the City of Cambridge is a defendant. In addition, the City has been named as a defendant in a legal action with a general contractor of the Haggerty School. In regards to this action the City has filed counterclaims against several subcontractors. Legal counsel is unable to determine the likelihood of an unfavorable decision, if any. 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.

(14) Fund Deficits

The following funds had deficit equity balances at June 30, 1997:

Special Revenue:	
Other Grants	$ (673,559)
Capital Projects	$ (2,001,325)

(Continued)

(15) Reorganization of the Public Health Systems

The Cambridge Public Health Commission ("CPHC"), a public corporation, was created on June 30, 1996, as the successor to the City of Cambridge's Department of Health and Hospitals ("Department").

Effective July 1, 1996, CPHC entered into agreements with the City of Cambridge and Somerville Hospital to effect the creation of a public health system that would encompass the Department and the operations and facilities of Somerville Hospital. All cash, accounts receivable, personal property and inventory of the Department were transferred to CPHC. The transfer of real property to CPHC was affected by a lease agreement. All debt and obligations of the Department were assumed by CPHC; however, provided that City bonds and notes will remain general obligations of the City.

CPHC consists of the following operations:

The Cambridge Hospital
Somerville Hospital
The Cambridge Hospital Professional Services Corporation
Neville Manor Nursing Home
Cambridge Health Department

Also effective July 1, 1996, the Cambridge Public Health Commission entered into a seven year Health Service Agreement with the City of Cambridge, whereby the Commission will provide specified health services to the residents of Cambridge and others within the service area of the Cambridge Hospital Network, and conduct all functions of a Health Department for the City of Cambridge. In consideration of these services, the City of Cambridge has agreed to pay the Commission an annual payment amount which is subject to appropriation by the Cambridge City Council. For fiscal year 1997, the City Council appropriated and the Commission was paid $8,597,016. The Commission also reimbursed the City $2,000,000 on the last day of the fiscal year. Thus, the net payment to the Commission in fiscal year 1997 was $6,597,016.

CPHC leases certain real property from the City. Minimum annual lease payments are $1 through June 30, 2046. Upon expiration, or earlier termination of the lease, the CPHC will surrender to the City the leased property.

During fiscal 1997, the City agreed to provide health coverage for certain employees of CPHC under its self insured health plan. In return, the CPHC paid the City $6,384,675. In addition, the CPHC is responsible for reimbursing the City for other various administrative costs which amounted to $103,121.

REQUIRED SUPPLEMENTARY INFORMATION

The following schedule presents historical trend information for the Cambridge Retirement System. The information is presented in accordance with the requirements of Statement Nos. 25 and 27 of the Governmental Accounting Standards Board.

CITY OF CAMBRIDGE, MASSACHUSETTS

Required Supplementary Information

(Dollars In Thousands)

Schedules of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets A	Actuarial Accrued Liability B	Unfunded AAL (UAAL) B-A	Funded Ratio A/B	Covered Payroll C	UAAL as a Percentage of Covered Payroll ((B-A)/C)
1/1/96	$ 233,883	$ 341,531	$ 107,648	68.48%	$ 114,387	94.11%
1/1/94	182,632	323,644	141,012	56.43%	109,775	128.46%
1/1/93	158,595	279,715	121,120	56.70%	99,063	122.27%
1/1/91	118,507	251,035	132,528	47.21%	83,460	158.79%

Information prior to 1/1/91 is not available.

Schedules of Contributions from Employers

Year Ended December 31,	Annual Required Contribution	Percentage Contributed
1996	$ 21,216	100.00%
1995	20,669	100.00%
1994	19,029	100.00%
1993	16,843	100.00%
1992	16,507	100.00%
1991	15,814	100.00%

Notes to Schedules

Additional information as of the latest actuarial valuation follows:

Valuation date	1/1/96
Actuarial cost method	Entry Age Normal Cost
Amortization method	Approximate level percent of payroll-open
Remaining amortization period	Varied based upon Active or Retired status 12 yr. Retirees/Early 28 yr. Active members
Asset valuation method	Market Value
Actuarial assumptions:	
Investment rate of return	8.00%
Projected salary increases	6.00%
Cost-of-living adjustments	None (funded by Commonwealth of Massachusetts)

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. Information on real, personal, and excise tax collections, and schedules of the long-term debt obligations and general fixed assets of the City is also provided in this section.

CITY OF CAMBRIDGE, MASSACHUSETTS

General Fund

Schedule of Expenditures - Budgetary Basis

Year ended June 30, 1997

		Budget	Actual	Variance Favorable (Unfavorable)
General Government:				
Mayor:				
Salaries and wages	$	221,585	212,196	9,389
Other ordinary maintenance		86,220	81,627	4,593
Travel and training		19,200	14,597	4,603
Extraordinary expenditures		-	-	-
Total Mayor		327,005	308,420	18,585
City Manager:				
Salaries and wages		654,300	645,609	8,691
Other ordinary maintenance		226,384	217,770	8,614
Travel and training		25,925	25,055	870
Extraordinary expenditures		-	-	-
Total City Manager		906,609	888,434	18,175
City Council:				
Salaries and wages		571,100	571,096	4
Other ordinary maintenance		33,765	33,757	8
Travel and training		34,600	33,525	1,075
Extraordinary expenditures		-	-	-
Total City Council		639,465	638,378	1,087
City Clerk:				
Salaries and wages		464,450	455,427	9,023
Other ordinary maintenance		45,685	42,630	3,055
Travel and training		750	373	377
Extraordinary expenditures		-	-	-
Total City Clerk		510,885	498,430	12,455
Law:				
Salaries and wages		834,490	834,490	-
Other ordinary maintenance		645,225	641,991	3,234
Travel and training		9,510	9,469	41
Extraordinary expenditures		-	-	-
Total Law		1,489,225	1,485,950	3,275

CITY OF CAMBRIDGE, MASSACHUSETTS

General Fund

Schedule of Expenditures - Budgetary Basis, Continued

Year ended June 30, 1997

	Budget	Actual	Variance Favorable (Unfavorable)
Finance:			
Salaries and wages	$ 4,141,560	3,901,220	240,340
Other ordinary maintenance	1,255,680	1,247,099	8,581
Travel and training	149,175	138,473	10,702
Extraordinary expenditures	4,000	3,993	7
Total Finance	5,550,415	5,290,785	259,630
Employment Benefits:			
Salaries and wages	5,894,402	4,665,387	1,229,015
Other ordinary maintenance	818,795	746,110	72,685
Travel and training	-	-	-
Extraordinary expenditures	-	-	-
Total Employment Benefits	6,713,197	5,411,497	1,301,700
General Services:			
Salaries and wages	307,785	307,504	281
Other ordinary maintenance	384,410	381,793	2,617
Travel and training	-	-	-
Extraordinary expenditures	-	-	-
Total General Services	692,195	689,297	2,898
Election Commission:			
Salaries and wages	384,005	384,001	4
Other ordinary maintenance	148,540	146,707	1,833
Travel and training	2,270	2,046	224
Extraordinary expenditures	-	-	-
Total Election Commission	534,815	532,754	2,061
Public Celebrations:			
Salaries and wages	143,605	141,820	1,785
Other ordinary maintenance	232,960	229,965	2,995
Travel and training	1,125	1,085	40
Extraordinary expenditures	-	-	-
Total Public Celebrations	377,690	372,870	4,820
Reserve:			
Salaries and wages	-	-	-
Other ordinary maintenance	8,080	-	8,080
Travel and training	-	-	-
Extraordinary expense	-	-	-
Total Reserve	8,080	-	8,080

CITY OF CAMBRIDGE, MASSACHUSETTS

General Fund

Schedule of Expenditures - Budgetary Basis, Continued

Year ended June 30, 1997

	Budget	Actual	Variance Favorable (Unfavorable)
Animal Commission:			
Salaries and wages	$ 153,535	153,533	2
Other ordinary maintenance	11,415	9,586	1,829
Travel and training	215	90	125
Extraordinary expenditures	-	-	-
Total Animal Commission	165,165	163,209	1,956
Total General Government	17,914,746	16,280,024	1,634,722
Public Safety:			
Fire:			
Salaries and wages	21,151,450	21,025,079	126,371
Other ordinary maintenance	458,065	456,043	2,022
Travel and training	106,750	91,290	15,460
Extraordinary expenditures	45,000	44,348	652
Total Fire	21,761,265	21,616,760	144,505
Police:			
Salaries and wages	21,102,310	20,830,027	272,283
Other ordinary maintenance	756,000	736,025	19,975
Travel and training	200,500	181,006	19,494
Extraordinary expenditures	340,960	340,269	691
Total Police	22,399,770	22,087,327	312,443
Traffic and Parking:			
Salaries and wages	3,645,515	3,615,673	29,842
Other ordinary maintenance	2,503,470	2,464,426	39,044
Travel and training	34,400	31,763	2,637
Extraordinary expenditures	25,000	24,972	28
Total Traffic and Parking	6,208,385	6,136,834	71,551
Police Review and Advisory Board:			
Salaries and wages	47,455	47,452	3
Other ordinary maintenance	8,595	8,441	154
Travel and training	1,500	1,488	12
Extraordinary expenditures	-	-	-
Total Police Review and Advisory Board	57,550	57,381	169

CITY OF CAMBRIDGE, MASSACHUSETTS

General Fund

Schedule of Expenditures - Budgetary Basis, Continued

Year ended June 30, 1997

	Budget	Actual	Variance Favorable (Unfavorable)
Inspectional Services:			
Salaries and wages	$ 1,434,955	1,434,950	5
Other ordinary maintenance	85,455	71,401	14,054
Travel and training	42,050	39,587	2,463
Extraordinary expenditures	-	-	-
Total Inspectional Services	1,562,460	1,545,938	16,522
License:			
Salaries and wages	485,210	472,672	12,538
Other ordinary maintenance	54,340	53,685	655
Travel and training	8,800	7,731	1,069
Extraordinary expenditures	-	-	-
Total License	548,350	534,088	14,262
Weights and Measures:			
Salaries and wages	61,475	61,473	2
Other ordinary maintenance	2,280	1,171	1,109
Travel and training	295	-	295
Extraordinary expenditures	-	-	-
Total Weights and Measures	64,050	62,644	1,406
Electrical:			
Salaries and wages	677,810	667,693	10,117
Other ordinary maintenance	1,455,725	1,431,635	24,090
Travel and training	4,670	3,243	1,427
Extraordinary expenditures	-	-	-
Total Electrical	2,138,205	2,102,571	35,634
Emergency Management:			
Salaries and wages	76,645	76,640	5
Other ordinary maintenance	13,150	11,395	1,755
Travel and training	100	-	100
Extraordinary expenditures	-	-	-
Total Emergency Management	89,895	88,035	1,860

CITY OF CAMBRIDGE, MASSACHUSETTS

General Fund

Schedule of Expenditures - Budgetary Basis, Continued

Year ended June 30, 1997

		Budget	Actual	Variance Favorable (Unfavorable)
Emergency Communications:				
Salaries and wages	$	1,908,235	1,908,233	2
Other ordinary maintenance		92,570	92,164	406
Travel and training		15,850	14,769	1,081
Extraordinary expenditures		4,000	3,957	43
Total Emergency Communications		2,020,655	2,019,123	1,532
Total Public Safety		56,850,585	56,250,701	599,884
Community Maintenance and Development:				
Public Works:				
Salaries and wages		10,087,758	10,087,749	9
Other ordinary maintenance		6,198,697	6,166,879	31,818
Travel and training		172,625	162,103	10,522
Extraordinary expenditures		194,500	194,493	7
Total Public Works		16,653,580	16,611,224	42,356
Community Development:				
Salaries and wages		2,410,006	2,409,998	8
Other ordinary maintenance		454,550	452,954	1,596
Travel and training		23,000	22,820	180
Extraordinary expenditures		1,500,000	1,500,000	-
Total Community Development		4,387,556	4,385,772	1,784
Historical Commission:				
Salaries and wages		199,115	199,111	4
Other ordinary maintenance		29,710	29,707	3
Travel and training		800	592	208
Extraordinary expenditures		-	-	-
Total Historical Commission		229,625	229,410	215
Conservation Commission:				
Salaries and wages		42,285	42,284	1
Other ordinary maintenance		2,115	1,523	592
Travel and training		315	310	5
Extraordinary expenditures		-	-	-
Total Conservation Commission		44,715	44,117	598

CITY OF CAMBRIDGE, MASSACHUSETTS

General Fund

Schedule of Expenditures - Budgetary Basis, Continued

Year ended June 30, 1997

		Budget	Actual	Variance Favorable (Unfavorable)
Peace Commission:				
Salaries and wages	$	49,000	48,999	1
Other ordinary maintenance		7,815	7,723	92
Travel and training		-	-	-
Extraordinary expenditures		-	-	-
Total Peace Commission		56,815	56,722	93
Cable Television:				
Salaries and wages		179,530	176,048	3,482
Other ordinary maintenance		12,950	12,463	487
Travel and training		1,000	1,000	-
Extraordinary expenditures		28,055	28,038	17
Total CableTelevision		221,535	217,549	3,986
Total Community Maintenance and Development		21,593,826	21,544,794	49,032
Human Resource Development:				
Library:				
Salaries and wages		2,824,790	2,824,787	3
Other ordinary maintenance		634,740	634,212	528
Travel and training		14,150	10,231	3,919
Extraordinary expenditures		-	-	-
Total Library		3,473,680	3,469,230	4,450
Human Services:				
Salaries and wages		6,319,801	6,205,663	114,138
Other ordinary maintenance		1,639,412	1,587,655	51,757
Travel and training		47,849	46,719	1,130
Extraordinary expenditures		46,715	46,345	370
Total Human Services		8,053,777	7,886,382	167,395
Human Rights:				
Salaries and wages		131,530	131,526	4
Other ordinary maintenance		4,305	3,608	697
Travel and training		950	326	624
Extraordinary expnditures		-	-	-
Total Human Rights		136,785	135,460	1,325

CITY OF CAMBRIDGE, MASSACHUSETTS

General Fund

Schedule of Expenditures - Budgetary Basis, Continued

Year ended June 30, 1997

	Budget	Actual	Variance Favorable (Unfavorable)
Veterans Benefits:			
Salaries and wages	$ 172,360	172,359	1
Other ordinary maintenance	141,600	128,235	13,365
Travel and training	4,050	3,982	68
Extraordinary expenditures	-	-	-
Total Veterans Benefits	318,010	304,576	13,434
Women's Commission:			
Salaries and wages	107,080	107,075	5
Other ordinary maintenance	8,203	8,203	-
Travel and training	1,457	1,429	28
Extraordinary expenditures	-	-	-
Total Women's Commission	116,740	116,707	33
Total Human Resource Development	12,098,992	11,912,355	186,637
Education:			
Salaries and wages	65,526,917	65,312,925	213,992
Other ordinary maintenance	15,622,094	15,619,197	2,897
Travel and training	353,165	350,699	2,466
Extraordinary expenditures	664,638	701,628	(36,990)
Debt: Principal payments	3,777,000	3,777,000	-
Interest payments	1,209,130	1,171,943	37,187
Total Education	87,152,944	86,933,392	219,552
Judgments and claims:			
Salaries and wages	-	-	-
Other ordinary maintenance	-	-	-
Travel and training	1,019,569	902,864	116,705
Extraordinary expenditures	-	-	-
Total Judgements and Claims	1,019,569	902,864	116,705

CITY OF CAMBRIDGE, MASSACHUSETTS

General Fund

Schedule of Expenditures - Budgetary Basis, Continued

Year ended June 30, 1997

	Budget	Actual	Variance Favorable (Unfavorable)
Debt Retirement:			
Salaries and wages	$ -	-	-
Other ordinary maintenance	-	-	-
Travel and training	-	-	-
Principal payments: Bonded debt	7,879,172	7,580,828	298,344
Total Principal Retirement	7,879,172	7,580,828	298,344
Interest:			
Salaries and wages	-	-	-
Other ordinary maintenance	150,355	147,824	2,531
Travel and training	-	-	-
Extraordinary expenditures	2,177,293	2,179,824	(2,531)
Total Interest	2,327,648	2,327,648	-
Intergovernmental:			
MBTA:			
Salaries and wages	-	-	-
Other ordinary maintenance	6,600,025	6,618,097	(18,072)
Travel and training	-	-	-
Extraordinary expenditures	-	-	-
Total MBTA	6,600,025	6,618,097	(18,072)
County Tax:			
Salaries and wages	-	-	-
Other ordinary maintenance	233,570	222,300	11,270
Travel and training	-	-	-
Extraordinary expenditures	-	-	-
Total County Tax	233,570	222,300	11,270
MWRA:			
Salaries and wages	-	-	-
Other ordinary maintenance	13,550,295	13,196,458	353,837
Travel and training	-	-	-
Extraordinary expenditures	-	-	-
Total MWRA	13,550,295	13,196,458	353,837

CITY OF CAMBRIDGE, MASSACHUSETTS

General Fund

Schedule of Expenditures - Budgetary Basis, Continued

Year ended June 30, 1997

		Budget	Actual	Variance Favorable (Unfavorable)
Other State Assessments:				
Salaries and wages	$	-	-	-
Other ordinary maintenance		843,785	624,709	219,076
Travel and training		-	-	-
Extraordinary expenditures		-	-	-
Total Other State Assessments		843,785	624,709	219,076
Total Intergovernmental		21,227,675	20,661,564	566,111
Total General Fund	$	228,065,157	224,394,170	3,670,987

SPECIAL REVENUE FUNDS

Community Development Block Grant

Revenues from the Community Development Block Grant Program are recorded in this fund. A transfer of revenues is made at the end of the fiscal year to the Capital Projects Funds to cover Block Grant-related expenditures in these funds during that fiscal year. All operating expenditures are recorded within this Fund.

School Grants

This fund accounts for both the receipt and expenditure of funds received from numerous federal and state agencies to support a wide range of elementary and secondary school programs.

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 to 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, and Library. 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, 1997

Assets		CDBG Grants	School Grants	Fuel Assistance	Parking Fund	Other Grants	Total
Cash and short-term investments	$	-	211,440	196,815	3,714,169	-	4,122,424
Accounts receivable		-	-	739	147,649	-	148,388
Accounts receivable-developer		1,000,000	-	-	-	-	1,000,000
Due from other governments		1,337,058	422,115	-	-	442,963	2,202,136
Total assets	$	2,337,058	633,555	197,554	3,861,818	442,963	7,472,948
Liabilities and Fund Equity							
Warrants payable		-	-	-	-	13,551	13,551
Accrued liabilities - other		121,921	280,980	3,469	-	368,837	775,207
Due to other funds		2,106,945	-	-	-	734,134	2,841,079
Total liabilities		2,228,866	280,980	3,469	-	1,116,522	3,629,837
Fund equity (deficit):							
Reserved for encumbrances		-	180,136	-	-	1,922,949	2,103,085
Reserved for specific purposes		108,192	172,439	194,085	3,861,818		4,336,534
Unreserved		-	-	-	-	(2,596,508)	(2,596,508)
Total fund equity		108,192	352,575	194,085	3,861,818	(673,559)	3,843,111
Total liabilities and fund equity	$	2,337,058	633,555	197,554	3,861,818	442,963	7,472,948

CITY OF CAMBRIDGE, MASSACHUSETTS

Combining Statement of Revenues, Expenditures, and Changes in Fund Equity (Deficit)

Special Revenue Funds

Year ended June 30, 1997

		Community Development Block Grants	School Grants	Fuel Assistance	Parking Fund	Other Grants	Total
Revenues:							
Intergovernmental	$	3,931,149	6,138,451	858,211	-	3,503,416	14,431,227
Private grants		-	-	-	-	241,189	241,189
Investment income		-	-	8,294	607,863	-	616,157
Other:							
Permits		-	-	-	52,211	-	52,211
Fines		-	-	-	6,754,360	-	6,754,360
Charges for services		-	-	-	4,669,627	-	4,669,627
Miscellaneous		371,121	1,053,476	-	7,285	7,758	1,439,640
Total revenues		4,302,270	7,191,927	866,505	12,091,346	3,752,363	28,204,411
Expenditures:							
General government		-	-	-	-	83,690	83,690
Public safety		-	-	-	-	482,730	482,730
Education		-	7,357,245	-	-	-	7,357,245
Fuel assistance		-	-	744,000	-	-	744,000
Community maintenance and development		953,699	-	-	-	1,157,966	2,111,665
Human services		484,358	-	143,769	-	2,625,141	3,253,268
Debt service expense		1,500,000	-	-	-	-	1,500,000
Total expenditures		2,938,057	7,357,245	887,769	-	4,349,527	15,532,598
Excess (deficiency) of revenues over expenditures		1,364,213	(165,318)	(21,264)	12,091,346	(597,164)	12,671,813
Other financing sources (uses):							
Operating transfers from other funds		-	-	-	260,411	(1,792)	258,619
Operating transfers to other funds		(2,838,538)	-	1,792	(11,611,495)	-	(14,448,241)
Excess (deficiency) of revenues over expenditures and transfers		(1,474,325)	(165,318)	(19,472)	740,262	(598,956)	(1,517,809)
Fund equity (deficit) at beginning of year		1,582,517	517,893	213,557	3,121,556	(74,603)	5,360,920
Fund equity (deficit) at end of year	$	108,192	352,575	194,085	3,861,818	(673,559)	3,843,111

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 Funds. The last sentence of each Trust Fund narrative lists the expendable balances which represent 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, 1997

	Pension Trust Funds	Nonexpendable Trust Funds					Expendable Trust Funds										
Assets	Retirement Trust Fund	School Fund	Neville Manor Fund	Library Fund	Cemetery Funds	Other Fund	School Fund	Neville Fund	Library Fund	Cemetery Fund	Health Claims Trust Fund	City Stabilization Trust Fund	School Stabilization Trust Fund	Housing Funds	Other Funds	Agency Fund	Total
Cash and short-term investments	$ 22,366,095	36,379	25,733	44,511	337,904	60,627	148,249	49,746	89,238	208,440	3,766,695	5,579,797	1,514,771	3,314,761	599,084	1,707,592	39,849,622
Other investments	244,858,159	-	-	10,000	999,634	-	-	-	-	-	7,500,384	-	-	-	-	25,927,878	279,296,055
Accounts receivable	6,611,832	-	-	350	-	-	-	-	-	-	-	-	-	-	-	-	6,612,182
Due from other governments	1,845,693	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,845,693
Other assets	-	-	-	-	-	-	-	-	-	-	-	-	-	1,014,307	-	-	1,014,307
Total assets	$ 275,681,779	36,379	25,733	54,861	1,337,538	60,627	148,249	49,746	89,238	208,440	11,267,079	5,579,797	1,514,771	4,329,068	599,084	27,635,470	328,617,859
Liabilities and Fund Equity																	
Accrued liabilities - other	$ 520,770	-	-	-	-	-	41	-	-	-	-	-	-	-	-	-	520,811
Guarantee deposits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,707,592	1,707,592
Deferred compensation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	25,927,878	25,927,878
Total liabilities	520,770	-	-	-	-	-	41	-	-	-	-	-	-	-	-	27,635,470	28,156,281
Fund balance:																	
Reserved for specific purposes	275,161,009	36,379	25,733	54,861	1,337,538	60,627	148,208	49,746	89,238	208,440	11,267,079	5,579,797	1,514,771	4,329,068	599,084	-	300,461,578
Total fund balance	275,161,009	36,379	25,733	54,861	1,337,538	60,627	148,208	49,746	89,238	208,440	11,267,079	5,579,797	1,514,771	4,329,068	599,084	-	300,461,578
Total liabilities and fund equity	$ 275,681,779	36,379	25,733	54,861	1,337,538	60,627	148,249	49,746	89,238	208,440	11,267,079	5,579,797	1,514,771	4,329,068	599,084	27,635,470	328,617,859

CITY OF CAMBRIDGE, MASSACHUSETTS

Combining Statement of Revenues, Expenses and Changes in Fund Equity

Nonexpendable Trust Funds

Year ended June 30, 1997

	Nonexpendable Trust Funds					
	School Funds	Neville Manor Funds	Library Funds	Cemetery Funds	Other Funds	Total
Revenues:						
Donations	$ 750	-	-	22,950	-	23,700
Investment income	1,863	1,336	2,981	85,031	6,176	97,387
Total operating income	2,613	1,336	2,981	107,981	6,176	121,087
Operating transfers to other funds	(1,858)	(1,336)	(2,793)	(85,031)	(6,095)	(97,113)
Operating transfers from other funds	120	-	-	-	-	120
Net income	875	-	188	22,950	81	24,094
Fund equity:						
Beginning of year	35,504	25,733	54,673	1,314,588	60,546	1,491,044
End of year	36,379	25,733	54,861	1,337,538	60,627	1,515,138

CITY OF CAMBRIDGE, MASSACHUSETTS

Combining Statement of Cash Flows

Nonexpendable Trust Funds

Year ended June 30, 1997

		School Funds	Neville Manor Funds	Library Funds	Cemetery Funds	Other Funds	Total
Cash flows from operating activities:							
Operating income	$	2,613	1,336	2,981	107,981	6,176	121,087
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:							
Reclassification of investment income		(1,863)	(1,336)	(2,981)	(85,031)	(6,176)	(97,387)
Increase in accounts receivable		-	-	(176)	-	-	(176)
Net cash (used for) provided by operating activities		750	-	(176)	22,950	-	23,524
Cash flows from noncapital financing activities:							
Operating transfers - in		120	-	-	-	-	120
Operating transfers - out		(1,858)	(1,336)	(2,793)	(85,031)	(6,095)	(97,113)
Net cash used for noncapital financing activities		(1,738)	(1,336)	(2,793)	(85,031)	(6,095)	(96,993)
Cash flows from investing activities:							
Investment income		1,863	1,336	2,981	85,031	6,176	97,387
Net cash provided by investing activities		1,863	1,336	2,981	85,031	6,176	97,387
Net increase in cash and cash equivalents		875	-	12	22,950	81	23,918
Cash and cash equivalents at beginning of year		35,504	25,733	44,499	314,954	60,546	481,236
Cash and cash equivalents at end of year	$	36,379	25,733	44,511	337,904	60,627	505,154

CITY OF CAMBRIDGE, MASSACHUSETTS

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

Expendable Trust Funds

Year ended June 30, 1997

	Expendable Trust Funds									
	School Fund	Neville Manor Fund	Library Fund	Cemetery Fund	Health Claims Trust Fund	City Stabilization Trust Fund	School Stabilization Trust Fund	Housing Fund	Other Funds	Total
Revenues:										
Investment income	$ 7,089	2,446	5,289	13,396	665,231	206,938	-	135,205	29,722	1,065,316
Donations	25,331	-	21,799	-	-	-	-	4,400	2,000	53,530
Employee deduction	-	-	-	-	1,708,640	-	-	-	-	1,708,640
Other	-	-	-	-	-	-	-	-	63,568	63,568
Total revenues	32,420	2,446	27,088	13,396	2,373,871	206,938	-	139,605	95,290	2,891,054
Expenditures:										
Other	19,636	2,310	44,384	-	6,956	-	-	1,401,217	89,463	1,563,966
Operating health claims subsidy	-	-	-	-	-	-	-	-	-	-
Total expenditures	19,636	2,310	44,384	-	6,956	-	-	1,401,217	89,463	1,563,966
Excess (deficiency) of revenues over expenditures	12,784	136	(17,296)	13,396	2,366,915	206,938	-	(1,261,612)	5,827	1,327,088
Transfers:										
Operating transfers from other funds	1,858	1,336	2,793	85,031	1,066,272	-	574,915	2,250,000	6,095	3,988,300
Operating transfers to other funds	(120)	-	-	(145,000)	(2,800,000)	-	(1,384,295)	-	-	(4,329,415)
Excess (deficiency) of revenue over expenditures and transfers	14,522	1,472	(14,503)	(46,573)	633,187	206,938	(809,380)	988,388	11,922	985,973
Fund equity at beginning of year	133,686	48,274	103,741	255,013	10,633,892	5,372,859	2,324,151	3,340,680	587,162	22,799,458
Fund equity at end of year	$ 148,208	49,746	89,238	208,440	11,267,079	5,579,797	1,514,771	4,329,068	599,084	23,785,431

CITY OF CAMBRIDGE, MASSACHUSETTS

Combining Statement of Changes in Assets and Liabilities Agency Funds

Year ended June 30, 1997

Assets		Balance June 30, 1996	Additions	Deductions	Balance June 30, 1997
Contract Bids	$	41,394	7,850	450	48,794
Plans		2,065	-	-	2,065
Tree Removals		485	-	-	485
Driveways		75,648	219,680	-	295,328
Street Openings		74,629	62,714	3,650	133,693
Sidewalk Openings		150	-	-	150
In Lieu of Bond		70,945	-	-	70,945
License Commission		10,750	-	601	10,149
Cambridge Police Detail		(222,607)	2,629,213	2,749,074	(342,467)
Cambridge Fire Detail		(33)	61,354	62,039	(719)
Dog Licenses		14,212	-	-	14,212
Sporting Licenses		48	15,278	11,117	4,209
Dog Officer		570	-	-	570
Constable Fees		1,710	110,944	102,656	9,998
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		5,887	10,040	5,240	10,687
Accident & life Insurance		56,503	155,220	152,837	58,886
Medicare		3,224	61	498	2,787
Car Seat Program		1,539	-	-	1,539
Deferred Compensation		1,410	-	-	1,410
Commonwealth Health		-	-	-	-
Legal Fees		9,175	11,000	-	20,175
Retirement Office Payroll		1,506	4,473,100	4,477,029	(2,423)
New England Life		354,459	63,979	-	418,438
Continental Casualty		(3,812)	7,291	6,914	(3,435)
Teacher Insurance Reimbursement		4,940	-	-	4,940
Teachers Retirement		336,926	77,411	-	414,337
Excise Registry Fees		13,857	-	-	13,857
3 Bidglow Contingency Fund		39,221	4,817	175	43,863
Retroactive Wages		6	-	-	6
Land Court Fees		29,158	7,398	-	36,556
Choke Program		1,182	-	-	1,182
Unclaimed Checks		319,442	-	-	319,442
Stop Payments		23,138	-	-	23,138
Sewer Abatement Appraisal Fee		5,395	-	-	5,395
Twelve Mt. Auburn		7,684	-	-	7,684
Blue Cross		6,112	-	-	6,112
Hackney Applications		5,386	-	-	5,386
Purchase of Bike Racks		1,782	2,700	-	4,482
Recycling Bins		358	170	-	528
ERI Funds		-	-	-	-
Levangie/J.P. Construction Co.		47,802	599	48,220	181
620 Memorial Dr. YMA		81,832	4,041	85,873	-
Forty-Three Mt. Auburn Rents		2,899	-	-	2,899
C&J Realty Trust		-	2,093	2,093	-
Deferred Compensation		25,161,990	4,440,770	3,674,882	25,927,878
Total	$	26,651,095	12,367,723	11,383,348	27,635,470

(Continued)

CITY OF CAMBRIDGE, MASSACHUSETTS

Combining Statement of Changes in Assets and Liabilities Agency Funds (continued)

Year ended June 30, 1997

Liabilities		Balance June 30, 1996	Additions	Deductions	Balance June 30, 1997
Guarantee deposits and amounts due other:					
Contract Bids	$	41,394	7,850	450	48,794
Plans		2,065	-	-	2,065
Tree Removals		485	-	-	485
Driveways		75,648	219,680	-	295,328
Street Openings		74,629	62,714	3,650	133,693
Sidewalk Openings		150	-	-	150
In Lieu of Bond		70,945	-	-	70,945
License Commission		10,750	-	601	10,149
Cambridge Police Detail		(222,607)	2,629,213	2,749,074	(342,467)
Cambridge Fire Detail		(33)	61,354	62,039	(719)
Dog Licenses		14,212	-	-	14,212
Sporting Licenses		48	15,278	11,117	4,209
Dog Officer		570	-	-	570
Constable Fees		1,710	110,944	102,656	9,998
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		5,887	10,040	5,240	10,687
Accident & life Insurance		56,503	155,220	152,837	58,886
Medicare		3,224	61	498	2,787
Car Seat Program		1,539	-	-	1,539
Deferred Compensation		1,410	-	-	1,410
Commonwealth Health		-	-	-	-
Legal Fees		9,175	11,000	-	20,175
Retirement Office Payroll		1,506	4,473,100	4,477,029	(2,423)
New England Life		354,459	63,979	-	418,438
Continental Casualty		(3,812)	7,291	6,914	(3,435)
Teacher Insurance Reimbursement		4,940	-	-	4,940
Teachers Retirement		336,926	77,411	-	414,337
Excise Registry Fees		13,857	-	-	13,857
3 Bidglow Contingency Fund		39,221	4,817	175	43,863
Retroactive Wages		6	-	-	6
Land Court Fees		29,158	7,398	-	36,556
Choke Program		1,182	-	-	1,182
Unclaimed Checks		319,442	-	-	319,442
Stop Payments		23,138	-	-	23,138
Sewer Abatement Appraisal Fee		5,395	-	-	5,395
Twelve Mt. Auburn		7,684	-	-	7,684
Blue Cross		6,112	-	-	6,112
Hackney Applications		5,386	-	-	5,386
Purchase of Bike Racks		1,782	2,700	-	4,482
Recycling Bins		358	170	-	528
ERI Funds		-	-	-	-
Levangie/J.P. Construction Co.		47,802	599	48,220	181
620 Memorial Dr. YMA		81,832	4,041	85,873	-
Forty-three Mt. Auburn Rents		2,899	-	-	2,899
C&J Realty Trust		-	2,093	2,093	-
Deferred Compensation		25,161,990	4,440,770	3,674,882	25,927,878
Total	$	26,651,095	12,367,723	11,383,348	27,635,470

CITY OF CAMBRIDGE, MASSACHUSETTS

DESCRIPTION OF TRUST FUNDS

School Trust Funds

Mary A. Blessington Scholarship Fund

This trust fund, established in 1993 for $2,000, is to be used to fund a scholarship to the student with the highest academic achievement at the Fletcher School. The one award will be taken from interest only, not to exceed $100. No scholarship was awarded in FY97. As of June 30, 1997, the expendable balance was $374.

FY 1997 Opening Balance	FY 1997 Income	FY 1997 Expenditures	FY 1997 Closing Balance
$ 2,257	$ 117	$ -	$ 2,374

Robert Calef Children's Trust 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 are spent under the direction of a board of six trustees composed of six primary teachers of the Cambridge Public School system, three designated by the Superintendent of Schools and three by the President of the Cambridge Teachers' Association. Expenditures may be made from principal and interest, except that the balance shall not fall below $2,000. No books were purchased in FY97. As of June 30, 1997, the expendable balance was $7,634.

FY 1997 Opening Balance	FY 1997 Income	FY 1997 Expenditures	FY 1997 Closing Balance
$ 9,158	$ 476	$ -	$ 9,634

Cambridge Public School Fund

In February of 1986, the City accepted a $10,000 gift from the Amelia Peabody Foundation to establish the Cambridge Public School Trust. This initial gift was to provide for the expansion of computer capabilities at the Graham and Parks Alternative Public School, so that students with limited English speaking ability could 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. No expenditures were made in FY97. As of June 30, 1997, the expendable balance was $8,229.

FY 1997 Opening Balance	FY 1997 Income	FY 1997 Expenditures	FY 1997 Closing Balance
$ 7,823	$ 406	$ -	$ 8,229

CITY OF CAMBRIDGE, MASSACHUSETTS

DESCRIPTION OF TRUST FUNDS

School Trust Funds

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. Only 75% of the income can be expended with the balance reverting to the principal fund balance. No purchases of books or works were made in FY97. As of June 30, 1997, the expendable balance was $841.

FY 1997 Opening Balance	FY 1997 Income	FY 1997 Expenditures	FY 1997 Closing Balance
$ 1,066	$ 56	$ -	$ 1,122

Georgia Hardy Spelling Contest

This fund was a gift from Georgia Hardy in 1937. The fund is to be expended for a book, which is to be awarded as a prize to the winner 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. No prize was awarded in FY97. As of June 30, 1997, the expendable balance was $1,193.

FY 1997 Opening Balance	FY 1997 Income	FY 1997 Expenditures	FY 1997 Closing Balance
$ 1,134	$ 59	$ -	$ 1,193

Charity of Edward Hopkins Fund

This "charity" represents the oldest continuous scholarship in the United States, 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 considerations, the intent 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. No prizes were awarded in FY97. As of June 30, 1997, the expendable balance was $793.

FY 1997 Opening Balance	FY 1997 Income	FY 1997 Expenditures	FY 1997 Closing Balance
$ 754	$ 39	$ -	$ 793

CITY OF CAMBRIDGE, MASSACHUSETTS

DESCRIPTION OF TRUST FUNDS

School Trust Funds

J. Maxwell Joseph Memorial Writing Center Award Trust Fund

The J. Maxwell Joseph Memorial Writing Center Award Trust Fund was established in 1989 to commemorate J. Maxwell Joseph, a 1988 graduate of Cambridge Rindge 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 Rindge and Latin High School (CRLS). The award may be up to $1,000 which, beginning in 1997, may be adjusted for inflation but cannot exceed interest income earnings; however, the excess income in any one year may be retained to supplement the award when necessary. 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. In FY97, no money was donated to the fund. One prize for $1,000 was awarded during the year. As of June 30, 1997, the expendable balance was $2,316.

FY 1997 Opening Balance	FY 1997 Income	FY 1997 Expenditures	FY 1997 Closing Balance
$ 23,883	$ 1,214	$ 1,000	$ 24,097

Edward Kingman Scholarship Fund

The sum of $1,700 was donated to Cambridge in 1931 to form the Edward L. Kingman Scholarship. This scholarship fund was established to award a prize during the first year of college to the student who graduated from Cambridge Rindge and Latin High School with the highest grade and who attends college the next year. One prize for $500 was awarded in FY97. As of June 30, 1997, the expendable balance was $7,201.

FY 1997 Opening Balance	FY 1997 Income	FY 1997 Expenditures	FY 1997 Closing Balance
$ 8,949	$ 452	$ 500	$ 8,901

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. No expenditures were made in FY97. As of June 30, 1997, the expendable balance was $2,987.

FY 1997 Opening Balance	FY 1997 Income	FY 1997 Expenditures	FY 1997 Closing Balance
$ 2,840	$ 147	$ -	$ 2,987

CITY OF CAMBRIDGE, MASSACHUSETTS

DESCRIPTION OF TRUST FUNDS

School Trust Funds

Thomas McCann Fund

In 1979 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. No social studies materials were purchased in FY97. As of June 30, 1997, the expendable balance was $1,829.

FY 1997 Opening Balance	FY 1997 Income	FY 1997 Expenditures	FY 1997 Closing Balance
$ 1,738	$ 91	$ -	$ 1,829

Charles E. Merrill Fund

On October 2, 1982, the City Council accepted a gift of $25,000 from the Charles E. Merrill Trust. This amount is to be used for the support of the special expenses of the Cambridge Alternative Public School. During FY97, no supplies were purchased for the Alternative School. As of June 30, 1997, the expendable balance was $544.

FY 1997 Opening Balance	FY 1997 Income	FY 1997 Expenditures	FY 1997 Closing Balance
$ 517	$ 27	$ -	$ 544

Pasquale and Mary Reale Trust Fund

This trust in the amount of $4,000 was established in 1992 by the Cambridge Veterans Organization to honor the Memory of Pasquale Reale and his wife Mary. The purpose of the trust is to provide funds for an annual music award to a graduating senior. No awards were made during FY97. As of June 30, 1997, the expendable balance was $236.

FY 1997 Opening Balance	FY 1997 Income	FY 1997 Expenditures	FY 1997 Closing Balance
$ 4,027	$ 209	$ -	$ 4,236

Scholarship Trust Fund

Begun in 1993, this trust provides scholarship aid to residents of the City of Cambridge based on financial need, character, scholastic record, community involvement and extracurricular school activities. Any resident accepted to pursue education beyond the secondary level is eligible to apply. During FY97, $25,331 was donated to the Fund. The twelve awards made in FY96 were distributed during fiscal year 1997. As of June 30, 1997, the expendable balance was $112,670.

FY 1997 Opening Balance	FY 1997 Income	FY 1997 Expenditures	FY 1997 Closing Balance
$ 99,960	$ 30,710	$ 18,000	$ 112,670

CITY OF CAMBRIDGE, MASSACHUSETTS

DESCRIPTION OF TRUST FUNDS

School Trust Funds

School Textbook Trust Fund

This trust fund was established during fiscal year 1991 to provide funds for the purchase of textbooks. No textbooks were purchased during FY97. As of June 30, 1997, the expendable balance was $12.

FY 1997 Opening Balance	FY 1997 Income	FY 1997 Expenditures	FY 1997 Closing Balance
$ 11	$ 1	$ -	$ 12

Edward J. Shea Memorial Fund

In June of 1975, the City Council accepted the Edward Shea Memorial Fund. The annual income from the principal of $300 is 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 of 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. One award was made in FY97. As of June 30, 1997, the expendable balance was $902.

FY 1997 Opening Balance	FY 1997 Income	FY 1997 Expenditures	FY 1997 Closing Balance
$ 1,192	$ 60	$ 50	$ 1,202

Webster H. Thierry Historic Prize Fund

This fund was established through a $300 donation by Adelaide R. Thierry in 1925. 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. Out of the income, each year $1.00 is to be added to the principal balance of the Fund. Also any income not used in the current year should be reported as part of the principal fund balance. One prize was awarded during FY97; $120 in unexpended funds was added to the principal balance. As of June 30, 1997, the expendable balance was $159.

FY 1997 Opening Balance	FY 1997 Income	FY 1997 Expenditures	FY 1997 Closing Balance
$ 3,116	$ 160	$ 50	$ 3,226

Henry Wise Book Prize Trust Fund

This fund was established during 1991 by the Cambridge Police Association in memory of Henry Wise, who served as legal counsel to the Association for many years. This fund provides annual book prizes to graduating seniors from Cambridge Rindge and Latin High School who demonstrate exemplary community or school service. In fiscal year 1997, an additional $750 was received for the benefit of the Trust. One prize was awarded during FY97. As of June 30, 1997, the expendable balance was $288.

FY 1997 Opening Balance	FY 1997 Income	FY 1997 Expenditures	FY 1997 Closing Balance
$ 765	$ 809	$ 36	$ 1,538

CITY OF CAMBRIDGE, MASSACHUSETTS

DESCRIPTION OF TRUST FUNDS

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, 1984, 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. No expenditures were made in FY97. As of June 30, 1997, the expendable balance was $(647).

FY 1997 Opening Balance	FY 1997 Income	FY 1997 Expenditures	FY 1997 Closing Balance
$ 1,096	$ 57	$ -	$ 1,153

Anna Burke Fund

In 1981, 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. No expenditures were made in FY97. As of June 30, 1997, the expendable balance was $3,009.

FY 1997 Opening Balance	FY 1997 Income	FY 1997 Expenditures	FY 1997 Closing Balance
$ 7,641	$ 397	$ -	$ 8,038

Reverend Patrick H. Callahan Fund

A gift 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. No expenditures were made in FY97. As of June 30, 1997, the expendable balance was $6,147.

FY 1997 Opening Balance	FY 1997 Income	FY 1997 Expenditures	FY 1997 Closing Balance
$ 7,745	$ 402	$ -	$ 8,147

John W. Hodge Fund

Under the terms of the will of John W. Hodge, Neville Manor received the sum of $1,500 to serve as the principal of the John W. Hodge Fund. The income from this fund is to be used to provide a Christmas of "good cheer" for the residents. No expenditures were made in FY97. As of June 30, 1997, the expendable balance was $2,023.

FY 1997 Opening Balance	FY 1997 Income	FY 1997 Expenditures	FY 1997 Closing Balance
$ 3,349	$ 174	$ -	$ 3,523

CITY OF CAMBRIDGE, MASSACHUSETTS

DESCRIPTION OF TRUST FUNDS

Neville Manor Nursing Home Trust Funds

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; the income can be used for Christmas and Easter parties. During FY97, $800 was spent for gifts during December. As of June 30, 1997, the expendable balance was $14,641.

FY 1997 Opening Balance	FY 1997 Income	FY 1997 Expenditures	FY 1997 Closing Balance
$ 21,915	$ 1,116	$ 800	$ 22,231

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 was distributed to Neville Manor. The trust stipulates that the annual income be expended for entertainment and gifts for the residents of Neville Manor. During FY97, $1,510 was spent by the Residents' Council on a picnic for the residents. As of June 30, 1997, the expendable balance was $5,751.

FY 1997 Opening Balance	FY 1997 Income	FY 1997 Expenditures	FY 1997 Closing Balance
$ 11,693	$ 568	$ 1,510	$ 10,751

Sarah E. Russell Fund

As provided in the will of Sarah E. Russell, who died Oct. 6, 1898, 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." No funds were expended during FY97. As of June 30, 1997, the expendable balance was $3,210.

FY 1997 Opening Balance	FY 1997 Income	FY 1997 Expenditures	FY 1997 Closing Balance
$ 3,826	$ 198	$ -	$ 4,024

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. No funds were expended during FY97. As of June 30, 1997, the expendable balance was $15,612.

FY 1997 Opening Balance	FY 1997 Income	FY 1997 Expenditures	FY 1997 Closing Balance
$ 16,743	$ 869	$ -	$ 17,612

CITY OF CAMBRIDGE, MASSACHUSETTS

DESCRIPTION OF TRUST FUNDS

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. No funds were expended during FY97. As of June 30, 1997, the expendable balance was $14.

FY 1997 Opening Balance	FY 1997 Income	FY 1997 Expenditures	FY 1997 Closing Balance
$ 13	$ 1	$ -	$ 14

Eleanor Collins Burke Trust Fund

The Eleanor Collins Burke Trust Fund was established during 1991 by co-workers and friends of Mrs. Burke in recognition of her dedicated service to the City of Cambridge, with $801 as an initial nonexpendable balance. The purpose of this trust fund is to provide funds to purchase materials and books for the Daniel P. Collins Branch Library. No funds were expended in FY97. This Library is named in honor of Eleanor Burke's father. As of June 30, 1997, the expendable balance was $201.

FY 1997 Opening Balance	FY 1997 Income	FY 1997 Expenditures	FY 1997 Closing Balance
$ 1,212	$ 70	$ -	$ 1,282

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. During FY97, $2,471 was spent on books and periodicals. As of June 30, 1997, the expendable balance was $3,791.

FY 1997 Opening Balance	FY 1997 Income	FY 1997 Expenditures	FY 1997 Closing Balance
$ 3,946	$ 2,316	$ 2,471	$ 3,791

Library Trust Funds

Cambridge History Fund

The City Council accepted a gift of $10,000 in February 1989 to be used by the Cambridge Public Library. Additional donations have been received since the initial gift. Funds are to be used to produce a series of publications whose story constitutes the history of Cambridge as well as to expand and preserve the holdings of the Cambridge Memorial Room at the Library. During FY97, $1,255 was spent for maps and a collection of historic letters. As of June 30, 1997, the expendable balance was $1,134.

FY 1997 Opening Balance	FY 1997 Income	FY 1997 Expenditures	FY 1997 Closing Balance
$ 11,940	$ 649	$ 1,255	$ 11,334

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. During FY97, $9,948 was received in donations for the fund. Funds were expended for books, supplies and special activities events and $10,000 was transferred to establish the Friends of the Cambridge Public Library Trust Fund. As of June 30, 1997, the expendable balance was $709.

FY 1997 Opening Balance	FY 1997 Income	FY 1997 Expenditures	FY 1997 Closing Balance
$ 21,747	$ 363	$ 21,401	$ 709

Citizen of Cambridge Fund

An anonymous citizen of Cambridge donated $7,400 from 1923 through 1926 to the Cambridge Public Library. Income from these gifts is to be used for books on Americanization, the fine arts, general nature, and binding. No expenditures were made in FY97. As of June 30, 1997, the expendable balance was $8,931.

FY 1997 Opening Balance	FY 1997 Income	FY 1997 Expenditures	FY 1997 Closing Balance
$ 15,446	$ 885	$ -	$ 16,331

CITY OF CAMBRIDGE, MASSACHUSETTS

DESCRIPTION OF TRUST FUNDS

Library Trust Funds

Citizens Subscription Fund

In 1899, a citizens committee raised $5,675 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. During FY97, $6,542 was expended on books. As of June 30, 1997, the expendable balance was $1,676.

FY 1997 Opening Balance	FY 1997 Income	FY 1997 Expenditures	FY 1997 Closing Balance
$ 12,794	$ 424	$ 6,542	$ 6,676

Daniel P. Cummings Fund

Daniel P. Cummings bequeathed to the trustees of the Cambridge Public Library in 1899 the sum of $2,000. Income is to be used for the purchase of non-sectarian books for the library. During FY97, $309 was expended for books. As of June 30, 1997, the expendable balance was $2,167.

FY 1997 Opening Balance	FY 1997 Income	FY 1997 Expenditures	FY 1997 Closing Balance
$ 4,241	$ 235	$ 309	$ 4,167

Anthony J. DeVito Trust Fund

Established in his memory in March 1997, this fund is to be used to purchase library materials relating to music. Professor Anthony J. DeVito was Library Directory from 1946 through 1948. He began the Library's music program, establishing the Library's Music Room with an inaugural collection of 100 recordings and two phonographs with head-phones. Both the principal and income may be expended. No funds were expended in FY97. As of June 30, 1997, the expendable balance was $715.

FY 1997 Opening Balance	FY 1997 Income	FY 1997 Expenditures	FY 1997 Closing Balance
$ -	$ 3,215	$ -	$ 3,215

P.H. Dolan Lecture Fund

The Philip H. Dolan Lecture Fund was established in 1996 by Mrs. Ruth Brooks Heath in recognition of Philip Hilary Dolan, Librarian of the Cambridge Public Library from 1949 to 1981, for his devoted work in developing the Library's greater potential to serve its community. The purpose of this fund is to provide funds for an annual lecture on the importance and value of books and libraries. No funds were expended in FY97. As of June 30, 1997, the expendable balance was $1,333.

FY 1997 Opening Balance	FY 1997 Income	FY 1997 Expenditures	FY 1997 Closing Balance
$ 1,261	$ 72	$ -	$ 1,333

CITY OF CAMBRIDGE, MASSACHUSETTS

DESCRIPTION OF TRUST FUNDS

Library Trust Funds

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. No funds were expended in FY97. As of June 30, 1997, the expendable balance was $(415).

FY 1997 Opening Balance	FY 1997 Income	FY 1997 Expenditures	FY 1997 Closing Balance
$ 553	$ 32	$ -	$ 585

Friends of the Cambridge Public Library Fund

Established in 1997, with a transfer of $10,000 from the Cambridge Public Library Benefit Fund, the Fund will be used to support the fundraising and membership activities of the "Friends". Both principal and interest may be expended.

FY 1997 Opening Balance	FY 1997 Income	FY 1997 Expenditures	FY 1997 Closing Balance
$ -	$ 10,621	$ 7,547	$ 3,074

Harry Futterman Fund

Since 1968, 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. No funds were received or expended in FY97. As of June 30, 1997, the expendable balance was $12.

FY 1997 Opening Balance	FY 1997 Income	FY 1997 Expenditures	FY 1997 Closing Balance
$ 11	$ 1	$ -	$ 12

William Penn Harding Fund

At the time of his death, William Penn Harding 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." No books were purchased in FY97. As of June 30, 1997, the expendable balance was $1,314.

FY 1997 Opening Balance	FY 1997 Income	FY 1997 Expenditures	FY 1997 Closing Balance
$ 2,189	$ 125	$ -	$ 2,314

CITY OF CAMBRIDGE, MASSACHUSETTS

DESCRIPTION OF TRUST FUNDS

Library Trust Funds

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. No funds were expended during FY97. As of June 30, 1997, the expendable balance was $2,725.

FY 1997 Opening Balance	FY 1997 Income	FY 1997 Expenditures	FY 1997 Closing Balance
$ 5,415	$ 310	$ -	$ 5,725

Gertrude E. Kirkley Fund

In January of 1987, the Cambridge Public Library was the recipient of a $1,000 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, 1997, the expendable balance was $153.

FY 1997 Opening Balance	FY 1997 Income	FY 1997 Expenditures	FY 1997 Closing Balance
$ 1,092	$ 61	$ -	$ 1,153

Jeanne Kantor Landon Fund

In August of 1983, the City Council accepted a gift of $500 to establish a Jeanne 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. No books were purchased in FY97. As of June 30, 1997, the expendable balance was $871.

FY 1997 Opening Balance	FY 1997 Income	FY 1997 Expenditures	FY 1997 Closing Balance
$ 824	$ 47	$ -	$ 871

CITY OF CAMBRIDGE, MASSACHUSETTS

DESCRIPTION OF TRUST FUNDS

Library Trust Funds

Maria Murdock Fund

In 1922, Maria Murdock left to the Cambridge Public Library an unrestricted gift of $2,000. During FY97, about $195 of books were purchased for the Library. As of June 30, 1997, the expendable balance was $501.

FY 1997 Opening Balance	FY 1997 Income	FY 1997 Expenditures	FY 1997 Closing Balance
$ 2,555	$ 141	$ 195	$ 2,501

George Oenslager Fund

This trust fund, established in 1996, is used for the purchase and lending of standard and miscellaneous books to the patrons of the Cambridge Public Library. Expenditures shall be made from the principal and interest earned or retained. No funds were expended in FY97. As of June 30, 1997, the expendable balance was $5,015.

FY 1997 Opening Balance	FY 1997 Income	FY 1997 Expenditures	FY 1997 Closing Balance
$ 4,743	$ 272	$ -	$ 5,015

Dorothea J. Petery Memorial Fund

The Dorothea J. Petery Memorial Fund was established in 1991 by relatives and friends of Dorothea J. Petery. The purpose of the trust is to provide funds for the purchase of children's materials and services benefiting all the children in the Cambridge community. During FY97, $6,300 was donated to the Fund. Expenditures of about $4,600 went for books, supplies, special activities and events. As of June 30, 1997, the expendable balance was $7,409.

FY 1997 Opening Balance	FY 1997 Income	FY 1997 Expenditures	FY 1997 Closing Balance
$ 5,335	$ 6,655	$ 4,581	$ 7,409

Joseph Sakey Trust

Established by the trustees and staff of the Cambridge Public Library, and by the friends and family of Joseph Sakey, this fund will be used for the purchase of books and materials relating to social sciences and biography. During FY97, about $83 worth of books were purchased for the Library. As of June 30, 1997, the expendable balance was $3,362.

FY 1997 Opening Balance	FY 1997 Income	FY 1997 Expenditures	FY 1997 Closing Balance
$ 3,277	$ 168	$ 83	$ 3,362

CITY OF CAMBRIDGE, MASSACHUSETTS

DESCRIPTION OF TRUST FUNDS

Library Trust Funds

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. No books on art were purchased durng FY97. As of June 30, 1997, the expendable balance was $4,986.

FY 1997 Opening Balance	FY 1997 Income	FY 1997 Expenditures	FY 1997 Closing Balance
$ 6,134	$ 352	$ -	$ 6,486

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. No funds were expended in FY97. As of June 30, 1997, the expendable balance was $10,243.

FY 1997 Opening Balance	FY 1997 Income	FY 1997 Expenditures	FY 1997 Closing Balance
$ 16,309	$ 934	$ -	$ 17,243

Webster H. Thierry Library Fund

In 1966, Adelaide R. Thierry donated the sum of $1,000 to the City of Cambridge to establish the "Webster H. Thierry Shelf." Of the income earned, 20% is to be added to the principal, and the balance is to be used to provide low cost book plates and to purchase books. No funds were expended during FY97. As of June 30, 1997, the expendable balance was $6,603.

FY 1997 Opening Balance	FY 1997 Income	FY 1997 Expenditures	FY 1997 Closing Balance
$ 7,309	$ 418	$ -	$ 7,727

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. No funds were expended in FY97. As of June 30, 1997, the expendable balance was $13,267.

FY 1997 Opening Balance	FY 1997 Income	FY 1997 Expenditures	FY 1997 Closing Balance
$ 16,331	$ 936	$ -	$ 17,267

CITY OF CAMBRIDGE, MASSACHUSETTS

DESCRIPTION OF TRUST FUNDS

Library Trust Funds

Mehitable C.C. Wilson Fund

According to the terms of Mehitable C.C. Wilson's will, the Cambridge Public Library received $1,500. This sum was a gift to be used by the Trustees for the benefit of the Library. No funds were expended during FY97. As of June 30, 1997, the expendable balance was $1,730.

FY 1997 Opening Balance	FY 1997 Income	FY 1997 Expenditures	FY 1997 Closing Balance
$ 1,636	$ 94	$ -	$ 1,730

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. No books were purchased during FY97. As of June 30, 1997, the expendable balance was $7,774.

FY 1997 Opening Balance	FY 1997 Income	FY 1997 Expenditures	FY 1997 Closing Balance
$ 12,103	$ 671	$ -	$ 12,774

DESCRIPTION OF TRUST FUNDS

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 may allow distribution of the funds to referral clients of reputable social services agencies such as the Department of Public Welfare. Only 67% of income may be spent. The remaining 33% must revert to principal fund balance. During FY97, $633 was expended for these purposes. As of June 30, 1997, the expendable balance was $8,386.

FY 1997 Opening Balance	FY 1997 Income	FY 1997 Expenditures	FY 1997 Closing Balance
$ 13,089	$ 664	$ 633	$ 13,120

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. In addition to the funds managed by the City, the Bullock Fund also receives income from a separate trust managed by the Fleet Bank, N.A. As of June 30, 1997, the trust had a book value of $139,314 and a market value of $181,815. The trust was responsible for $3,032 of the income earned by the Fund. No funds were expended during FY97. As of June 30, 1997, the expendable balance was $268,718.

FY 1997 Opening Balance	FY 1997 Income	FY 1997 Expenditures	FY 1997 Closing Balance
$ 281,018	$ 17,700	$ -	$ 298,718

Mary Conlan Trust Fund

The Trust was established to provide for the beautification and maintenance of the Mary Conlan Park, located in Cambridge. This park was named for Mary Conlan, a long-time civic leader and life-long resident of Cambridge who died in 1991. No funds were expended for Mary Conlan Park in FY97. As of June 30, 1997, the expendable balance was $6,432.

FY 1997 Opening Balance	FY 1997 Income	FY 1997 Expenditures	FY 1997 Closing Balance
$ 6,115	$ 317	$ -	$ 6,432

CITY OF CAMBRIDGE, MASSACHUSETTS

DESCRIPTION OF TRUST FUNDS

Other Trust Funds

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. During FY97, the Fund received $1,000 in donations. No expenditures were made in FY97. As of June 30, 1997, the expendable balance was $37,209.

FY 1997 Opening Balance	FY 1997 Income	FY 1997 Expenditures	FY 1997 Closing Balance
$ 33,422	$ 3,787	$ -	$ 37,209

Smith Hughes Fund

The Smith Hughes Fund consists of the unexpended balance of a gift the City received some years ago. No expenditures were made from this Fund in FY97. As of June 30, 1997, the expendable balance was $147.

FY 1997 Opening Balance	FY 1997 Income	FY 1997 Expenditures	FY 1997 Closing Balance
$ 140	$ 7	$ -	$ 147

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. No expenditures were made from this Fund in FY97. As of June 30, 1997, the expendable balance was $5,969.

FY 1997 Opening Balance	FY 1997 Income	FY 1997 Expenditures	FY 1997 Closing Balance
$ 15,181	$ 788	$ -	$ 15,969

Other Trust Funds

Bridget McGuire Fund

In 1984, 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. No expenditures for the care of needy patients were made from this fund during FY97. As of June 30, 1997, the expendable balance was $9,660.

FY 1997 Opening Balance	FY 1997 Income	FY 1997 Expenditures	FY 1997 Closing Balance
$ 9,183	$ 477	$ -	$ 9,660

Melville Shoe Fund

In 1979, the Melville Shoe Company set up a fund to support a program for training retarded young adults. No expenditures were made for the training of retarded young adults from this Fund in FY97. As of June 30, 1997, the expendable balance was $1,390.

FY 1997 Opening Balance	FY 1997 Income	FY 1997 Expenditures	FY 1997 Closing Balance
$ 1,321	$ 69	$ -	$ 1,390

Estelle Paris Scholarship Trust Fund

The Estelle Paris Scholarship Trust Fund was established following the Hospital's receipt of the Foster G. McGaw Prize for Excellence in Community Service. The purpose of the Trust Fund is to provide scholarship aid to residents of the City of Cambridge. Awards are based on the following criteria: financial need, character, scholastic record, and community involvement. Any Cambridge resident intending to pursue education in health careers is eligible to apply. Both principal and interest may be expended. Ten scholarships, totaling $8,000, were awarded in FY97. As of June 30, 1997, the expendable balance was $67,585.

FY 1997 Opening Balance	FY 1997 Income	FY 1997 Expenditures	FY 1997 Closing Balance
$ 72,051	$ 3,534	$ 8,000	$ 67,585

Cambridge Plant & Garden Club Tree Fund

In the spring of 1973, the City accepted a gift of $300 to establish the Tree Fund. This fund has been used to augment the City's program of tree planting and other various conservation activities. The fund receives occasional donations 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. During FY97, $7,000 was expended for trees. As of June 30, 1997, the expendable balance was $10,126.

FY 1997 Opening Balance	FY 1997 Income	FY 1997 Expenditures	FY 1997 Closing Balance
$ 16,663	$ 463	$ 7,000	$ 10,126

CITY OF CAMBRIDGE, MASSACHUSETTS

DESCRIPTION OF TRUST FUNDS

Other Trust Funds

Public Planting Trust Fund

The purpose of this trust fund is to promote the beautification of public open spaces in the City of Cambridge through planting of trees. No expenditures were made from this Fund in FY97. As of June 30, 1997, the expendable balance was $1,330.

FY 1997 Opening Balance	FY 1997 Income	FY 1997 Expenditures	FY 1997 Closing Balance
$ 1,264	$ 66	$ -	$ 1,330

Mary "Molly" Ramsey Fund

In October of 1973, 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 and any or all of the principal 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. During FY97, $525 was expended for the Golf Tournament. As of June 30, 1997, the expendable balance was $11,048.

FY 1997 Opening Balance	FY 1997 Income	FY 1997 Expenditures	FY 1997 Closing Balance
$ 15,768	$ 805	$ 525	$ 16,048

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. No expenditures were made from this Fund during FY97. As of June 30, 1997, the expendable balance was $10,807.

FY 1997 Opening Balance	FY 1997 Income	FY 1997 Expenditures	FY 1997 Closing Balance
$ 10,274	$ 533	$ -	$ 10,807

Other Trust Funds

Soldiers Monument Fund

This trust consists of the remainder 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. No expenditures were made from this fund during FY97. As of June 30, 1997, the expendable balance was $1,415.

FY 1997 Opening Balance	FY 1997 Income	FY 1997 Expenditures	FY 1997 Closing Balance
$ 1,345	$ 70	$ -	$ 1,415

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 1969, 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." No expenditures were made from this fund during FY97. As of June 30, 1997, the expendable balance was $20,495.

FY 1997 Opening Balance	FY 1997 Income	FY 1997 Expenditures	FY 1997 Closing Balance
$ 29,840	$ 1,549	$ -	$ 31,389

CITY OF CAMBRIDGE, MASSACHUSETTS

DESCRIPTION OF TRUST FUNDS

Trust Funds

Cemetery Perpetual Care Fund

Since 1980 the City has encouraged each lot purchaser to contribute $100 per grave to help defray future maintenance costs. All contributions for perpetual care are placed in trust with the City Treasurer, with interest earnings used for the care and beautification of the cemetery. During FY97, $22,950 was received in contributions, which were added to the fund. The Fund transferred $45,000 to the City to offset the cost of cemetery maintenance and transferred $100,000 to the City for capital improvements. As of June 30, 1997, the expendable balance was $208,440.

FY 1997 Opening Balance	FY 1997 Income	FY 1997 Expenditures and Transfers Out	FY 1997 Closing Balance
$ 1,569,601	$ 121,377	$ 145,000	$ 1,545,978

Community Response Trust Fund

The Community Response Trust Fund was established by the City Manager in 1996 at the request of the City Council, and funded with $300,000 from City general fund monies. The purpose of the Fund was to make monies available to human service agencies and grassroots organizations wishing to conduct human service or community service projects. The Department of Human Services is administering the funds and conducting on-site monitoring visits to each of the recipients. During FY97, $12,982 was expended from the fund on two programs. As of June 30, 1997, the expendable balance was $10,955.

FY 1997 Opening Balance	FY 1997 Income	FY 1997 Expenditures	FY 1997 Closing Balance
$ 23,076	$ 861	$ 12,982	$ 10,955

Health Claims Trust Fund

This fund was established by the City during fiscal year 1985 to act as a contingency against possible deficits in health insurance allotments due to higher than anticipated claims in a given year. Employee deductions for healthcare coverage are deposited into this fund. Interest earned by the fund is recorded as income to this trust. During FY97, the Trust received $1,708,641 in employee deductions and transferred $1,733,728 to the City to help cover City employee health costs. As of June 30, 1997, the expendable balance was $11,267,080.

FY 1997 Opening Balance	FY 1997 Income	FY 1997 Expenditures and Transfers Out	FY 1997 Closing Balance
$ 10,633,892	$ 2,373,871	$ 1,740,684	$ 11,267,079

CITY OF CAMBRIDGE, MASSACHUSETTS

DESCRIPTION OF TRUST FUNDS

Trust Funds

Cambridge Special Law Enforcement Trust Funds

These trust funds were established pursuant to Massachusetts General Laws, Chapter 94, Section 47. The purpose of the trusts is to expend funds to defray the costs of protracted investigations, to provide additional technical equipment or expertise to the Cambridge Police Department, to provide matching funds to obtain federal grants or for other such law enforcement purposes as the Chief of Police of the City of Cambridge deems appropriate. During FY97, the Funds received $63,568 in fines and forfeitures. The Funds expended $60,323 for departmental training expenses connected with investigators. As of June 30, 1997, the expendable balance was $127,412.

FY 1997 Opening Balance	FY 1997 Income	FY 1997 Expenditures	FY 1997 Closing Balance
$ 117,959	$ 69,776	$ 60,323	$ 127,412

Stabilization Fund

This fund is a statutory reserve account which may only be used for purposes for which debt would ordinarily be used. No expenditures were made from this Fund during FY97. As of June 30, 1997, the expendable balance was $5,579,797.

FY 1997 Opening Balance	FY 1997 Income	FY 1997 Expenditures	FY 1997 Closing Balance
$ 5,372,859	$ 206,938	$ -	$ 5,579,797

School Debt Service Stabilization Fund

This fund is a statutory reserve account which may only be used for the purpose of offsetting future school debt service. During FY97, transfers were made to and from this fund for the payment of School related debt. As of June 30, 1997, the expendable balance was $543,573.

FY 1997 Opening Balance	FY 1997 Income and Transfers In	FY 1997 Expenditures and Transfers Out	FY 1997 Closing Balance
$ 1,218,885	$ 37,188	$ 712,500	$ 543,573

School Stabilization Fund

This fund is a statutory reserve account which may only be used for the purpose of offsetting future costs related to the school early retirement program. During FY97, the City appropriated $537,727 of future retirement costs. Expenditures of $671,795 were made from the Fund in FY97. As of June 30, 1997, the expendable balance was $971,198.

FY 1997 Opening Balance	FY 1997 Income and Transfers In	FY 1997 Expenditures and Transfers Out	FY 1997 Closing Balance
$ 1,105,266	$ 537,727	$ 671,795	$ 971,198

CITY OF CAMBRIDGE, MASSACHUSETTS

DESCRIPTION OF TRUST FUNDS

Other Trust Funds

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 who obtain a special permit authorizing an increase in the density of population in a proposed development are required either to create housing or to contribute an amount based on square footage to the Affordable Housing Trust. During FY97, the City appropriated $2,250,000 to the fund for further affordable housing development. The City advanced $1,417,811 to various non-profit developers and received loan repayments of $122,500. Administrative costs totaled $176,701 for the year. Of the $4,329,068 ending balance, $1,014,306 represent outstanding loans for which repayment is anticipated. The Fund had approximated $3,315,000 for future housing development assistance. As of June 30, 1997, the expendable balance was $4,329,068.

FY 1997 Opening Balance	FY 1997 Income	FY 1997 Expenditures	FY 1997 Closing Balance
$ 3,340,680	$ 2,389,605	$ 1,401,217	$ 4,329,068

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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, 1997.

CITY OF CAMBRIDGE, MASSACHUSETTS

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

June 30, 1997

	Uncollected June 30, 1996	Commitments	Abatements	Transfers to Tax Title	Refunds	Collections	Adjustments Increase (decrease)	Uncollected June 30, 1997
Real estate taxes:								
1979 and prior	$ 164,417	-	-	-	-	1,112	(699)	162,606
1980	34,233	-	754	-	10,610	2,867	(6,926)	34,296
1981	41,346	-	922	-	4,263	(75)	(6,626)	38,136
1982	38,561	-	-	-	-	(4,465)	(5,019)	38,007
1983	55,793	-	769	-	-	(3,967)	(6,134)	52,857
1984	37,528	-	2,030	-	1,573	(450)	(6,154)	31,367
1985	35,703	-	1,021	-	41	(1,263)	(283)	35,703
1986	9,019	-	1,156	-	-	(1,156)	-	9,019
1987	3,909	-	9,996	-	-	(3,454)	6,542	3,909
1988	857	-	18,645	-	12,695	(5,949)	(1)	855
1989	4,375	-	50,294	-	19,778	(32,023)	(1,507)	4,375
1990	9,114	-	139,810	-	82,930	(42,458)	5,460	152
1991	129,536	-	160,414	-	94,159	(42,697)	12,097	118,075
1992	6,256	-	408,423	-	335,759	(60,914)	25,999	20,505
1993	3,979	-	1,395,089	-	1,390,192	(5,050)	5	4,137
1994	1,872	-	1,738,977	-	1,739,299	(12,950)	(14,765)	379
1995	3,307	-	1,608,399	-	1,611,529	1,750	(1,329)	3,358
1996	2,635,499	-	1,727,486	1,782,714	1,968,833	850,063	(236,199)	7,870
1997	-	139,691,843	1,620,866	-	177,793	135,957,760	174,951	2,465,961
Total RE	3,215,304	139,691,843	8,885,051	1,782,714	7,449,454	136,596,681	(60,588)	3,031,567
Personal property taxes:								
1988	164,542	-	-	-	10,023	4,033	-	170,532
1989	142,708	-	-	-	1,790	3,825	-	140,673
1990	154,755	-	-	-	30	3,514	1	151,272
1991	137,231	-	-	-	-	3,706	(1)	133,524
1992	159,129	-	-	-	-	4,473	(239)	154,417
1993	185,041	-	15	-	764	2,663	-	183,127
1994	62,449	-	-	-	1,444	(379)	9	64,281
1995	102,288	-	975	-	2,596	91	-	103,818
1996	123,950	-	26,750	-	36,567	54,018	-	79,749
1997	-	8,451,457	78,623	-	-	8,206,014	(109)	166,711
Total PP	1,232,093	8,451,457	106,363	-	53,214	8,281,958	(339)	1,348,104
Property taxes	4,447,397	148,143,300	8,991,414	1,782,714	7,502,668	144,878,639	(60,927)	4,379,671
Motor vehicle excise taxes:								
1986	112,477	-	108,318	-	116	1,159	-	3,116
1987	164,026	-	13	-	-	2,961	40	161,092
1988	182,468	-	63	-	-	4,506	(20)	177,879
1989	217,943	-	75	-	-	6,415	(90)	211,363
1990	173,363	423	230	-	161	8,064	(1)	165,652
1991	179,204	-	683	-	-	6,541	(63)	171,917
1992	136,160	-	279	-	3	6,272	(82)	129,530
1993	132,488	81	1,154	-	80	10,951	28	120,572
1994	159,523	810	2,234	-	1,463	25,806	(56)	133,700
1995	251,333	13,328	10,854	-	9,235	97,855	(4,910)	160,277
1996	844,732	596,323	97,959	-	69,366	1,175,326	-	237,136
1997	-	3,885,714	89,639	-	22,504	3,249,469	1	569,111
Total MVE	$ 2,553,717	4,496,679	311,501	-	102,928	4,595,325	(5,153)	2,241,345

CITY OF CAMBRIDGE, MASSACHUSETTS

Schedule of Bonds Payable

June 30, 1997

	Interest Rates	Issue Dates	Final Maturity Date	Balance June 30, 1996	Additions	Retired	Balance June 30, 1997
Inside Debt Limit:							
Surface drainage loan	5.4%	10/15/76	10/15/97	$ 75,000	-	75,000	-
Building acquisition	5.6-5.7%	6/15/87	6/15/98	200,000	-	200,000	-
Hospital loan (boiler renovation)	5.6-5.7%	6/15/87	6/15/98	150,000	-	150,000	-
Public Building renovation	5.6-5.7%	6/15/87	6/15/98	60,000	-	60,000	-
Streets and sidewalks	5.6-5.7%	6/15/87	6/15/98	300,000	-	300,000	-
Building renovations	5.9-6.4%	6/15/88	6/15/98	600,000	-	300,000	300,000
Streets and sidewalks	5.9-6.4%	6/15/88	6/15/98	200,000	-	100,000	100,000
Building renovations	6.4-6.5%	6/15/89	6/15/99	555,000	-	185,000	370,000
Hospital loan (boiler renovation)	6.4-6.5%	6/15/89	6/15/99	1,500,000	-	500,000	1,000,000
Open space improvements	6.4-6.5%	6/15/89	6/15/99	495,000	-	165,000	330,000
Streets and sidewalks	6.4-6.5%	6/15/89	6/15/99	750,000	-	250,000	500,000
Building renovations	6.4-6.6%	6/15/90	6/15/00	420,000	-	105,000	315,000
Hospital	6.4-6.6%	6/15/90	6/15/00	2,540,000	-	635,000	1,905,000
Hospital loan (boiler renovation)	6.4-6.6%	6/15/90	6/15/00	800,000	-	200,000	600,000
Open space improvements	6.4-6.6%	6/15/90	6/15/00	1,040,000	-	260,000	780,000
Building renovation	5.8-6.0%	6/15/91	6/15/01	185,000	-	40,000	145,000
Fire station renovations	5.8-6.0%	6/15/91	6/15/01	500,000	-	100,000	400,000
Open space renovations	5.8-6.0%	6/15/91	6/15/01	850,000	-	170,000	680,000
Building acquisition - senior center	4.3-5.3%	6/15/92	6/15/02	330,000	-	330,000	-
Building acquisition - teen center	4.3-5.3%	6/15/92	6/15/02	1,150,000	-	195,000	955,000
Elementary school renovation	4.3-5.3%	6/15/92	6/15/02	240,000	-	240,000	-
Fire station renovations	4.3-5.3%	6/15/92	6/15/02	300,000	-	50,000	250,000
Nursing home renovations	4.3-5.3%	6/15/92	6/15/02	900,000	-	150,000	750,000
Open space improvements	4.3-5.3%	6/15/92	6/15/02	1,080,000	-	180,000	900,000
Public art acquisition	4.3-5.3%	6/15/92	6/15/02	20,000	-	20,000	-
Sewer separation project loan	2.35-5.5%	5/21/93	8/1/08	5,150,744	-	592,832	4,557,912
Sewer loan	3.75-4.3%	2/1/94	2/1/04	400,000	-	50,000	350,000
Open space improvements	3.75-4.3%	2/1/94	2/1/04	1,400,000	-	175,000	1,225,000
Sewer bond		2/17/94	2/15/99	586,305	-	195,435	390,870
Open space improvement	5.5%-5.9%	11/1/94	11/1/99	3,960,000	-	440,000	3,520,000
Sewer loan	5.5%-5.9%	11/1/94	11/1/99	450,000	-	50,000	400,000
Sewer separation project loan	4.0%-5.25%	5/1/96	2/1/05	6,100,116	-	592,561	5,507,555
Emergency communications	4.75-5.75%	6/15/96	6/15/06	-	3,300,000	330,000	2,970,000
Elementary school construction	4.75-5.75%	6/15/96	6/15/06	-	2,340,000	225,000	2,115,000
Sewer construction	4.75-5.75%	6/15/96	6/15/06	-	500,000	25,000	475,000
City Hall/senior center renovations	4.75-5.75%	6/15/96	6/15/06	-	450,000	45,000	405,000
Fiber Optic Network Infrastructure	4.75-5.75%	6/15/96	6/15/06	-	1,000,000	200,000	800,000
Acquisition of personal computers	4.75-5.75%	6/15/96	6/15/06	-	600,000	60,000	540,000
Frisoli Youth Center	4.0-5.0%	6/15/97	6/15/07	-	3,600,000	-	3,600,000
Area 4 Youth Center renovations	4.0-5.0%	6/15/97	6/15/07	-	200,000	-	200,000
Building renovations	4.0-5.0%	6/15/97	6/15/07	-	500,000	-	500,000
Fiber Optic Network	4.0-5.0%	6/15/97	6/15/07	-	1,000,000	-	1,000,000
Central Square enhancements	4.0-5.0%	6/15/97	6/15/07	-	3,585,000	-	3,585,000
Sewer construction	4.0-5.0%	6/15/97	6/15/07	-	500,000	-	500,000
Personal computer acquisition	4.0-5.0%	6/15/97	6/15/02	-	520,000	-	520,000
Sewer loan		4/29/97	2/1/07	-	4,618,658	-	4,618,658
Total Inside Debt Limit				33,287,165	22,713,658	7,940,828	48,059,995

CITY OF CAMBRIDGE, MASSACHUSETTS

Schedule of Bonds Payable (continued)

June 30, 1997

	Interest Rates	Issue Dates	Final Maturity Date	Balance June 30, 1996	Additions	Retired	Balance June 30, 1997
Outside Debt Limit:							
School:							
High School Loan	5.7%	6/15/78	6/15/98	2,310,000	-	1,155,000	1,155,000
School Building Renovation	5.6-5.7%	6/15/87	6/15/98	180,000	-	180,000	-
Elementary school construction	3.75-4.3%	2/1/94	2/1/04	7,573,000	-	765,000	6,808,000
Elementary school construction	5.5%-5.9%	11/1/94	11/1/99	11,003,000	-	1,097,000	9,906,000
				21,066,000	-	3,197,000	17,869,000
Sewer Projects:							
Sewer Loan	5.4%	10/15/76	10/15/97	215,000	-	215,000	-
				215,000	-	215,000	-
Water Projects:							
Reservoir Cover	6.4-6.5%	6/15/89	6/15/99	300,000	-	100,000	200,000
Reservoir Cover	6.4-6.5%	6/15/90	6/15/00	3,200,000	-	800,000	2,400,000
Reservoir Cover	5.8-6.0%	6/15/91	6/15/01	2,115,000	-	420,000	1,695,000
Reservoir Cover	4.3-5.3%	6/15/92	6/15/02	200,000	-	200,000	-
Reservoir Cover	3.75-3.8%	2/1/94	2/1/99	867,000	-	290,000	577,000
Treatment plant renovations	3.75-4.3%	2/1/94	2/1/04	440,000	-	55,000	385,000
Treatment plant renovations	5.5-5.9%	11/1/94	11/1/99	1,687,000	-	313,000	1,374,000
Water main replacements	5.5-5.9%	11/1/94	11/1/99	900,000	-	100,000	800,000
Treatment plant renovations	4.75-5.75%	6/15/96	6/15/06	-	3,600,000	720,000	2,880,000
Water main replacements	4.75-5.75%	6/15/96	6/16/06	-	2,000,000	100,000	1,900,000
				9,709,000	5,600,000	3,098,000	12,211,000
Section 108 Notes Payable				2,500,000	-	1,505,000	995,000
Total Outside Debt Limit				33,490,000	5,600,000	8,015,000	31,075,000
				$ 66,777,165	28,313,658	15,955,828	79,134,995

CITY OF CAMBRIDGE, MASSACHUSETTS
Schedule of General Fixed Assets - by Function and Activity
Year ended June 30, 1997

Function and Activity		Total	Land	Buildings	Improvements Other Than Buildings	Equipment
General Government:						
Control:						
Legislative	$	90,705	-	-	-	90,705
Executive		131,569	-	-	-	131,569
Total Control		222,274	-	-	-	222,274
Staff Agencies:						
Elections		309,063	-	-	-	309,063
Finance		1,974,456	-	-	-	1,974,456
Law		81,445	-	-	-	81,445
Employee Benefits		2,091	-	-	-	2,091
Animal Commission		1,964	-	-	-	1,964
Public Celebrations		119,294	-	-	-	119,294
Total Staff Agencies		2,488,313	-	-	-	2,488,313
Total General Government		2,710,587	-	-	-	2,710,587
Public Safety:						
Building inspection		45,234	-	-	-	45,234
License		20,227	-	-	-	20,227
Weights and measures		10,219	-	-	-	10,219
Emergency management		30,153	-	-	-	30,153
Fire Protection		8,991,404	3,274,675	2,144,424	-	3,572,305
Police Protection		5,507,017	999,803	522,609	-	3,984,605
Traffic and Parking		22,140,637	1,952,080	18,094,315	-	2,094,242
Electrical		453,460	50,000	21,542	-	381,918
Emergency Commission		2,526,391	-	1,211,712	-	1,314,679
Total Public Safety		39,724,742	6,276,558	21,994,602	-	11,453,582
Community Maintenance and Development:						
Public Works		54,880,887	23,400,662	19,499,593	6,172,964	5,807,668
Community Development		4,103,724	-	57,711	3,713,011	333,002
Historical Commission		186,867	-	-	104,725	82,142
Conservation Commission		164	-	-	-	164
Rent Control		76,909	-	-	-	76,909
Cable Television		214,762	-	-	-	214,762
Total Community Maintenance and Development		59,463,313	23,400,662	19,557,304	9,990,700	6,514,647
Human Resource Development:						
Library		1,727,878	125,000	1,256,006	-	346,872
Human Services		90,141,173	87,242,253	891,635	1,277,517	729,768
Human Rights Commission		12,414	-	-	-	12,414
Women's Commission		5,709	-	-	-	5,709
Health Department/School Health		8,253	-	-	-	8,253
Veteran Benefits		19,181	-	-	-	19,181
Total Human Resource Development		91,914,608	87,367,253	2,147,641	1,277,517	1,122,197
Public School		130,798,212	55,067,765	68,373,775	848,786	6,507,886
Construction in Progress		6,680,170	-	6,680,170	-	-
Totals	$	331,291,632	172,112,238	118,753,492	12,117,003	28,308,899

CITY OF CAMBRIDGE, MASSACHUSETTS

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

Year Ended June 30, 1997

Function and Activity	General Fixed Assets June 30, 1996	Additions	Disposals	General Fixed Assets June 30, 1997
General Government:				
Control:				
Legislative	$ 54,191	38,295	(1,781)	90,705
Executive	131,569	-	-	131,569
Total Control	185,760	38,295	(1,781)	222,274
Staff Agencies:				
Elections	41,988	267,075	-	309,063
Finance	1,649,253	804,696	(479,493)	1,974,456
Law	79,533	5,358	(3,446)	81,445
Employee Benefits	2,091	-	-	2,091
Animal Commission	1,964	-	-	1,964
Public Celebrations	110,549	8,745	-	119,294
Total Staff Agencies	1,885,378	1,085,874	(482,939)	2,488,313
Total General Government	2,071,138	1,124,169	(484,720)	2,710,587
Public Safety:				
Building Inspection	17,790	28,514	(1,070)	45,234
License	20,227	-	-	20,227
Weights and measures	10,219	-	-	10,219
Emergency management	40,694	-	(10,541)	30,153
Fire protection	8,945,665	58,204	(12,465)	8,991,404
Police protection	5,081,970	867,493	(442,446)	5,507,017
Traffic and parking	21,921,627	386,703	(167,693)	22,140,637
Electrical	453,460	-	-	453,460
Emergency Commission	2,459,551	805,292	(738,452)	2,526,391
Total Public Safety	38,951,203	2,146,206	(1,372,667)	39,724,742
Community Maintenance and Development:				
PublicWorks	50,843,042	4,037,845	-	54,880,887
Community Development	3,585,967	517,757	-	4,103,724
Historical Commission	161,146	32,405	(6,684)	186,867
Conservation Commission	2,575	-	(2,411)	164
Rent Control	76,909	-	-	76,909
Cable television	222,066	24,059	(31,363)	214,762
Total Community Maintenance	54,891,705	4,612,066	(40,458)	59,463,313
Human Resource Development:				
Library	1,680,528	47,350	-	1,727,878
Human Services	90,141,173	-	-	90,141,173
Human Rights Commission	12,414	-	-	12,414
Women's Commmission	5,709	-	-	5,709
Health Department/School Health	8,253	-	-	8,253
Veteran's Benefits	19,181	-	-	19,181
Total Human Resource Development	91,867,258	47,350	-	91,914,608
Public Schools	129,586,109	1,216,351	(4,248)	130,798,212
Construction in Progress	6,962,672	3,699,474	(3,981,976)	6,680,170
Totals	$ 324,330,085	12,845,616	(5,884,069)	331,291,632

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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.

CITY OF CAMBRIDGE, MASSACHUSETTS

General Governmental Expenditures by Function - Budget Basis (1)

Last Ten Fiscal Years

Fiscal Year	General Government, Intergovernmental and Judgments and Claims	Public Safety	Community Maintenance and Development	Health, Hospital and Neville Manor	Human Resource Development	Education	Water	Debt Service	Total
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
1990	25,953,030	43,625,473	20,110,302	56,872,974	7,522,121	64,938,390	3,991,687	5,855,433	228,869,410
1991	29,377,351	45,900,338	20,907,100	63,015,281	8,291,888	68,796,729	4,261,520	7,799,479	248,349,686
1992	32,308,733	46,882,889	20,416,173	70,357,376	8,761,217	71,874,739	4,585,200	8,213,984	263,400,311
1993	45,259,376	48,346,555	20,227,895	75,499,307	9,266,281	74,465,531	4,823,956	8,878,370	286,767,271
1994	39,492,272	52,420,342	20,256,849	78,918,379	9,512,079	79,668,979	4,914,661	8,127,856	293,311,417
1995	38,463,753	53,707,656	19,711,035	84,112,435	9,909,005	81,351,321	7,517,510	6,091,530	300,864,245
1996	38,707,201	54,986,388	20,317,721	10,896,015	10,713,945	85,952,725	-	7,486,944	229,060,939
1997	37,844,452	56,250,701	21,544,794	-	11,912,355	86,933,392	-	9,908,476	224,394,170

(1) Includes General, Hospital, Neville Manor and Water funds for fiscal years 1988 through 1995. The figure in the Health, Hospital and Neville Manor Column for 1996 represents the subsidies from the General Fund to the Hospital and Neville Manor Enterprise Funds. In 1997, the Cambridge Public Health Commission, which includes the Cambridge Hospital, Health Department, and Neville Manor was established as a separate authority. The City transfer to the CPHC is shown as an Operating Transfer to a Component Unit on the Statement of Revenues, Expenditures, and Changes in Fund Balance statement.

CITY OF CAMBRIDGE, MASSACHUSETTS

General Governmental Expenditures by Function - GAAP Basis (1)

Last Ten Fiscal Years

(amounts expressed in thousands)

Fiscal Year	General Government	Public Safety	Community Maintenance & Development	Health (2)		Human Resources	Education	Fuel Assistance	Judgments and Claims	State Assessments	Other	Debt Service	Totals
1988	$ 11,122	$ 32,909	$ 26,064	$ 6,104		$ 6,010	$ 61,745	$ 2,192	$ 2,956	$ 10,685	$ 6,452	$ 4,817	$ 171,056
1989	11,411	40,809	19,942	7,617		6,905	67,120	1,777	1,490	10,978	7,377	5,469	180,895
1990	12,123	43,624	19,961	8,085		7,398	71,146	1,937	706	12,486	6,103	5,710	189,279
1991	14,552	45,308	20,254	816		8,143	75,089	1,564	1,885	13,335	5,477	6,319	192,742
1992	16,460	47,273	19,968	970		8,719	77,364	1,663	3,690	15,906	8,280	6,191	206,484
1993	18,455	48,411	20,507	1,019		9,313	80,135	1,792	1,847	18,764	1,934	6,685	208,862
1994	18,525	52,202	20,461	1,391		9,401	77,668	1,326	1,256	19,564	5,200	5,837	212,831
1995	18,219	53,814	18,090	1,413		9,439	81,368	1,072	11	19,752	5,380	6,085	214,643
1996	17,842	55,362	19,229	-	(3)	10,153	85,836	837	846	21,067	5,369	7,383	223,924
1997	16,719	55,931	19,076	-	(3)	11,169	85,514	744	936	20,660	4,350	9,884	224,983

(1) Includes General and selected Special Revenue Funds.
(2) Includes Neville Manor for fiscal years 1988 through 1990.
(3) Included in Enterprise Fund for fiscal year 1996 and Cambridge Public Health Commission in 1997.

Note: Certain functions have been reclassified to conform with the more recent fiscal years' presentation.

CITY OF CAMBRIDGE, MASSACHUSETTS

General Governmental Revenues by Source

General Fund - Budget Basis (1)

Last Ten Fiscal Years

Fiscal Year	Taxes(2)	Licenses and Permits	Inter-Governmental Revenue	Charges for Service	Fines and Forfeits(3)	Miscellaneous Revenues	Revenues
1988	$ 93,735,914	$ 2,962,445	$ 40,679,645	$ 50,972,397	$ 6,566,875	$ 11,330,614	$ 206,247,890
1989	100,124,906	3,990,544	42,722,387	57,425,435	7,172,974	6,870,904	218,307,150
1990	114,295,452	4,210,888	42,836,437	66,327,437	7,630,193	7,141,029	242,441,436
1991	122,112,209	2,796,254	38,128,709	88,004,301	7,503,100	8,608,149	267,152,722
1992	132,079,005	3,151,596	32,276,073	96,179,301	8,272,148	4,481,042	276,439,165
1993	138,716,553	3,240,024	31,513,900	112,245,063	7,850,060	8,012,893	301,578,493
1994	143,781,002	3,642,665	33,304,293	97,380,024	7,113,691	10,690,342	295,912,017
1995	149,853,977	3,894,207	35,154,075	116,806,361	7,463,198	18,744,229	331,916,047
1996	150,282,907	4,019,555	35,464,750	21,976,741	7,270,904	7,558,188	226,573,045
1997	154,534,476	6,094,715	36,420,810	21,908,242	7,336,024	9,739,440	236,033,707

(1) Includes General, Hospital, Neville Manor, and Water Funds for fiscal years 1988 through 1995 and the General Fund for fiscal years 1996 and 1997.

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

(3) Includes $6,250,555, $6,735,267, $7,208,224, $7,086,473, $7,799,327, $7,318,842, $6,597,258, $6,855,815, $6,620,432 and $6,722,343 for 1988, 1989, 1990, 1991, 1992, 1993, 1994, 1995, 1996 and 1997, 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 (Refunds)(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
1988	$ 85,233,221	$ 82,438,677	96.72%	$ 40,680,470(6)	$ 123,119,147	144.45%	$ 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
1990	106,651,725	100,810,391	94.52	1,716,413	102,526,804	96.13	9,115,560	8.55
1991	115,000,000	109,346,157	95.08	1,580,810	110,926,967	96.46	9,895,076	8.60
1992	124,550,000	117,575,578	94.40	(947,350)	116,628,228	93.64	9,807,232	7.87
1993	130,080,000	123,754,263	95.14	(3,155,563)	120,598,700	92.71	9,013,045	6.93
1994	135,164,021	134,148,722	99.25	2,601,390	136,750,112	101.17	5,431,218	4.02
1995	140,195,748	139,981,553	99.85	1,478,539	141,460,092	100.90	5,179,797	3.69
1996	140,191,464	139,860,593	99.76	(1,618,909)	138,241,684	98.61	4,447,397	3.17
1997	143,820,000	143,985,981	100.12	(6,610,010)	137,375,971	95.52	4,531,992	3.15

(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 refunds.

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

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

CITY OF CAMBRIDGE, MASSACHUSETTS

Assessed Value 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
1988	$ 6,000,944,260	$ 147,000,000	$ 6,147,944,260	$ 4,192,316,000	146.6%
1989	7,183,753,910	144,093,012	7,327,846,922	7,190,306,000	101.9
1990	8,360,269,144	168,500,000	8,528,769,144	7,190,306,000	118.6
1991	8,482,806,830	180,100,000	8,662,906,830	8,777,325,000	98.7
1992	7,621,874,272	192,100,000	7,813,974,272	8,777,325,000	89.0
1993	6,851,975,239	200,600,000	7,052,575,239	7,984,791,000	88.3
1994	6,576,193,610	213,800,000	6,789,993,610	7,984,791,000	85.0
1995	6,533,446,242	221,500,000	6,754,946,242	7,508,093,800	90.0
1996	6,782,990,307	227,040,000	7,010,030,307	7,508,093,800	93.3
1997	7,006,073,437	236,051,000	7,242,124,437	7,593,801,600	95.4

(1) As of January 1, 1987, 1988, 1989, 1990, 1991, 1992, 1993, 1994, 1995, 1996, and 1997, respectively.

(2) As of January 1, 1988, 1990, 1992, 1994 and 1996, respectively. Equalized valuations are determined biennially by the Commissioner of Revenue.

Source: City Department of Finance.

CITY OF CAMBRIDGE, MASSACHUSETTS

Property and Motor Vehicle Tax Rates (1)

Last Ten Fiscal Years

Fiscal Year	Residential Real Property	Commercial and Industrial Real Property	Personal Property	Motor Vehicle
1988	$ 9.79	$ 21.15	$ 21.15	$ 25.00
1989	9.23	20.06	20.06	25.00
1990	9.51	18.16	18.16	25.00
1991	10.13	19.15	19.15	25.00
1992	12.21	22.90	22.90	25.00
1993	13.33	28.40	28.40	25.00
1994	13.79	32.78	32.78	25.00
1995	14.17	34.86	34.86	25.00
1996	13.32	34.89	34.89	25.00
1997	13.02	35.78	35.78	25.00

(1) Real and personal property tax rate applicable to each $1,000 of assessed value. Motor vehicle excise tax is assessed on a calendar year, applicable to each $1,000 of assessed 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	Net Bonded Debt (2)	Ratio of Net Bonded Debt to Assessed Valuation	Net Bonded Debt per Capita
1988	91,260	$ 6,147,944,260	$ 54,070,000	.9%	$ 592
1989	91,260	7,327,846,922	56,950,000	.8	624
1990	90,290	8,528,769,144	67,705,000	.8	749
1991	95,802	8,662,906,830	63,985,000	.7	668
1992	97,526	7,813,974,272	62,820,000	.8	644
1993	97,526	7,052,575,239	51,605,000	.7	529
1994	99,890	6,789,993,612	57,722,153	.9	578
1995	99,890	6,754,946,242	77,407,264	1.1	775
1996	99,890	7,010,030,307	80,567,165	1.1	807
1997	99,890	7,242,124,437	79,134,995	1.1	792

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

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

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 (1)	Interest (1)	Total Debt Service (2)	Total Expenditures (3)	Ratio of Debt Service to Total Expenditures
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
1990	9,245,000	3,568,731	12,813,731	228,869,410	5.6
1991	11,030,000	4,256,198	15,286,198	248,349,686	6.2
1992	10,845,000	3,955,775	14,800,775	263,400,311	5.6
1993	11,215,000	3,683,153	14,898,153	286,767,271	5.2
1994	10,566,693	3,001,032	13,567,725	293,311,417	4.6
1995	10,706,980	3,500,789	14,207,769	300,864,245	4.7
1996	13,130,099	4,005,353	17,135,452	229,060,939	7.5
1997	15,955,828	4,160,269	20,116,097	224,394,170	9.0

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

(2) Does not include debt service on short-term borrowing, such as revenue anticipation notes which are retired during the fiscal year.

(3) Includes all categories of operating expenditures from 1988 to 1995 and General Fund expenditures from 1996 to 1997.

Source: City Department of Finance.

CITY OF CAMBRIDGE, MASSACHUSETTS

Computation of Legal Debt Margin

June 30, 1997

Fiscal year 1997 equalized valuation (1)		$ 7,593,801,600
Normal debt limit (2-1/2% of equalized valuation)		189,845,040
Amount of debt applicable to debt limit:		
Total bonded debt	$ 79,134,995	
Total Authorized/Unissued	88,167,798	
Less:		
General obligation bonds exempted by authority of the state legislature	31,075,000	
Amount within debt limit		136,227,793
Legal Debt Margin		$ 50,523,247

(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, 1996.

Source: City Department of Finance.

CITY OF CAMBRIDGE, MASSACHUSETTS

Computation of Direct and Overlapping Debt

June 30, 1997

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	$ 79,134,995	$ -	100.00%	$ 79,134,995
Middlesex County	-	1,680,000	11.60	195,000
Massachusetts Water Resources Authority	-	3,230,199,000	4.39	141,683,244
Massachusetts Bay Transportation Authority	-	3,043,815,000	4.41	134,232,512
Total direct and overlapping debt	$ 79,134,995	$ 6,275,694,000		$ 355,245,751

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

Source: City Department of Finance.

CITY OF CAMBRIDGE, MASSACHUSETTS

Property Value, Construction and Bank Deposits

Last Ten Fiscal Years

(Dollars in thousands)

Fiscal year	Real Property Assessed Value	Building Permits Issued (1)	Construction Value (1)	% Distribution (1) Residential	Commercial	Bank Deposits(2)
1988	$ 6,000,944	2,021	$ 208,230	22%	78%	$ 1,232,253
1989	7,183,754	1,590	256,953	14	86	2,288,062
1990	8,360,269	1,964	229,124	27	73	2,283,866
1991	8,662,907	1,979	93,961	33	67	2,259,264
1992	7,813,974	1,318	144,754	21	79	2,284,115
1993	7,052,575	1,618	143,324	29	71	1,905,000
1994	6,789,994	1,672	178,799	24	76	1,939,000
1995	6,754,946	1,749	162,757	22	78	2,021,000
1996	6,782,990	1,664	185,205	33	67	2,105,345
1997	7,006,073	1,995	388,057	25	75	2,532,646

(1) Source: Inspectional Services Department

(2) Source: Federal Deposit Insurance Corporation. These figures do not include deposits in credit unions and savings and loan institutions and they include only banks whose headquarters are in Cambridge.

CITY OF CAMBRIDGE, MASSACHUSETTS

Principal Taxpayers (1)

June 30, 1997

Name	Nature of Business		Assessed Valuation	Amount of Tax	% of Total Tax Levy
Commonwealth Energy	Utility	$	190,186,700	6,800,260	4.6%
Boston Properties	Commercial		165,499,400	5,903,205	4.0
M.I.T.	Educational		140,103,217	4,478,978(2)	3.0
Robert Jones and K. George Najarian	Commercial		95,976,600	3,366,257	2.3
Cambridge Side Galleria — New England Development	Commercial		93,726,000	3,318,466	2.2
Asahi Seimei Prudential Associates	Commercial		92,427,400	3,307,052	2.2
Presidents and Fellows of Harvard College	Educational		109,639,721	2,470,130(2)	1.7
Spaulding & Slye Corp.	Commercial		59,203,600	2,118,305	1.4
E.M.I. Cambridge Limited Partnership	Commercial		56,757,500	2,030,783	1.4
The Congress Group	Commercial		57,419,800	1,849,290	1.3
Totals		$	1,060,939,938	35,642,726	24.1%

(1) As of January 1, 1995.
(2) Excludes in lieu payments on exempt property.

Source: City Department of Finance.

CITY OF CAMBRIDGE, MASSACHUSETTS

Salaries of Principal Officials

June 30, 1997

City Council:	
Chairman (Mayor)	$ 59,000
Members	39,500
City Clerk	68,423
City Auditor	62,280
Executive:	
City Manager	130,090
Deputy City Manager	107,533
Assistant City Manager/Fiscal Affairs	85,679
Assistant City Manager/Community Development	85,679
Assistant City Manager/Human Services	85,679
Budget Director	65,676
Personnel Director	79,650
Director of Assessment	74,015
City Solicitor	64,296
Commissioner of Public Works	76,205
Commissioner of Inspectional Services	73,527
Superintendent of Schools	106,913
Police Commissioner	105,434
Fire Chief	100,666
Director of Libraries/Communications	73,527

Source: City Department of Finance.

CITY OF CAMBRIDGE, MASSACHUSETTS

Miscellaneous Statistics

Characteristic	Cambridge	Boston - SMSA	Massachusetts	United States
Population (1):	95,802	2,870,689	6,016,425	248,709,873
Median age (2):				
1990	31.1	23.4	33.6	32.9
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	19.2%	14.3%	15.6%	18.2%
25-44	41.0	35.1	33.6	32.5
65 and over	10.5	12.9	13.6	12.6
Median family income (2):				
1989	$ 39,990	$ 49,266	$ 44,367	$ 37,919
1979	17,845	22,848	21,166	19,917
1969	9,815	11,449	10,981	9,590
Per capita income (2):				
1989	$ 19,879	$ 23,746	$ 22,236	$ 17,592
1987	15,613	20,355	18,296	15,472
1985	13,494	17,391	16,324	13,908
1983	11,403	14,612	13,306	11,687
1979	7,957	9,880	10,096	9,494
1969	3,899	4,471	4,349	3,945
Unemployment rates (4):				
1997	2.1%	3.6%	4.5%	5.5%
1996	2.8	4.4	5.4	5.8
1995	3.4	4.3	4.8	5.3
1994	4.5	5.3	6.0	6.2
1993	4.6	5.4	6.4	7.1
1992	6.4	8.5	10.0	7.7
1991	6.1	8.2	9.9	7.2
1990	3.0	4.1	5.0	5.9
1989	2.8	3.4	4.0	5.3
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
Four or more years of college education 25 years old and over (3)	54.2%	35.4%	27.2%	*
High school graduates 25 years old and over (3)	84.4%	84.3%	80.0%	*
	K-8	9-12	Special	Total
Public school enrollments (5):				
1997	5,539	1,983	531	8,053
1996	5,528	1,989	651	8,168
1995	5,574	2,047	670	8,291
1994	5,460	2,036	688	8,184
1993	5,297	2,038	688	8,023
1992	5,097	2,102	673	7,872
1991	4,998	2,078	681	7,757
1990	4,796	2,136	703	7,635
1989	4,657	2,253	743	7,653
1988	4,584	2,400	721	7,705
1987	4,631	2,541	648	7,820
1986	4,686	2,619	582	7,887

(1) Source: U.S. Department of Commerce, Bureau of Census, Current Population Reports, "Local Population Estimates," 1990, and City of Cambridge Community Development Department.
(2) Source: U.S. Department of Commerce, Bureau of Census, and the Bureau of Economic Analysis, and City of Cambridge Community Development Department.
(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.
* Unavailable

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AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

The Honorable Mayor and 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, 1997, and have issued our report thereon dated December 15, 1997. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the City's general-purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general-purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of elected officials, management and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

KPMG Peat Marwick LLP

December 15, 1997

CITY OF CAMBRIDGE, MASSACHUSETTS

COMPREHENSIVE
ANNUAL FINANCIAL REPORT

For the Fiscal Year
June 30, 1997

Electronic Publishing	KPMG Peat Marwick LLP
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CITY OF CAMBRIDGE

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EXECUTIVE DEPARTMENT
ROBERT W. HEALY
City Manager

RICHARD C. ROSSI
Deputy City Manager

January 26, 1998

To The Honorable, The City Council:

Attached please find a copy of the City's FY1997 Comprehensive Annual Financial Report.

Very truly yours,

Robert W. Healy
City Manager

RWH/mec
attachment

Consent Agenda #4 F-5

Relative to the City's FY1997
Comprehensive Annual Financial Reports.

In City Council January 26, 1998
All items carried forward to be a part
of City Council Meeting of
February 2, 1998 on motion of
Councillor Sullivan.

In City Council February 2, 1998

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