NOTICE OF SALE AND PRELIMINARY OFFICIAL STATEMENT DATED JANUARY 14, 1994

NEW ISSUE
BOOK ENTRY ONLY

Moody's Investors Service, Inc.:
Standard & Poor's Corporation:
(see "Ratings")

In the opinion of Bond Counsel, under existing law, the interest on the Bonds will be excluded from gross income for federal income tax purposes, subject to certain conditions and exceptions as described herein. See "Tax Exemption" and "Appendix B" herein.

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold nor may an offer to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities to any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.

$13,350,000

CITY OF CAMBRIDGE MASSACHUSETTS

GENERAL OBLIGATION BONDS

MUNICIPAL PURPOSE LOAN OF 1994

Dated: February 1, 1994 **Due: February 1, 1995–2004**

AMOUNTS, MATURITIES, INTEREST RATES, AND PRICES OR YIELDS

Year	Principal Amount	Interest Rate	Initial Yield	Year	Principal Amount	Interest Rate	Initial Yield
1995	$1,335,000	%	%	2000	$1,335,000	%	%
1996	1,335,000			2001	1,335,000		
1997	1,335,000			2002	1,335,000		
1998	1,335,000			2003	1,335,000		
1999	1,335,000			2004	1,335,000		

The Bonds will be dated February 1, 1994. Principal on the Bonds will be payable on February 1 of the years in which the Bonds mature. Interest will be payable semiannually on February 1 and August 1, commencing on August 1, 1994. The Bonds are not subject to redemption prior to their stated maturities.

The Bonds are issuable only as fully registered Bonds without coupons and, when issued, will be registered in the name of Cede & Co., as Bondowner and nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Bonds. Purchases of the Bonds will be made in book-entry form, in the denomination of $5,000 each and integral multiples thereof. Purchasers will not receive certificates representing their interest in Bonds purchased.

This cover page contains information for quick reference only. It is not a summary of the issue. Investors must read the entire official statement to obtain information essential to the making of an informed investment decision.

The date of this official statement is , 1994.

CITY OF CAMBRIDGE, MASSACHUSETTS

THE CITY COUNCIL

Kenneth E. Reeves, Mayor
Sheila T. Russell, Vice-Mayor
Kathleen L. Born
Francis H. Duehay
Jonathan S. Myers
Michael A. Sullivan
Timothy J. Toomey, Jr.
Katherine Triantafillou
William H. Walsh

CERTAIN APPOINTED OFFICIALS

Robert W. Healy, City Manager
Richard C. Rossi, Deputy City Manager
James P. Maloney, Jr., Assistant City Manager for Fiscal Affairs and Treasurer/Collector
Russell B. Higley, City Solicitor
D. Margaret Drury, City Clerk
James A. Lindstrom, City Auditor

BOND COUNSEL

Palmer & Dodge
One Beacon Street
Boston, MA 02108

FINANCIAL ADVISORS

Government Finance Group, Inc.
4350 North Fairfax Drive
Suite 760
Arlington, Va. 22203

CERTIFIED PUBLIC ACCOUNTANTS

KPMG Peat Marwick
One Boston Place
Boston, MA 02108

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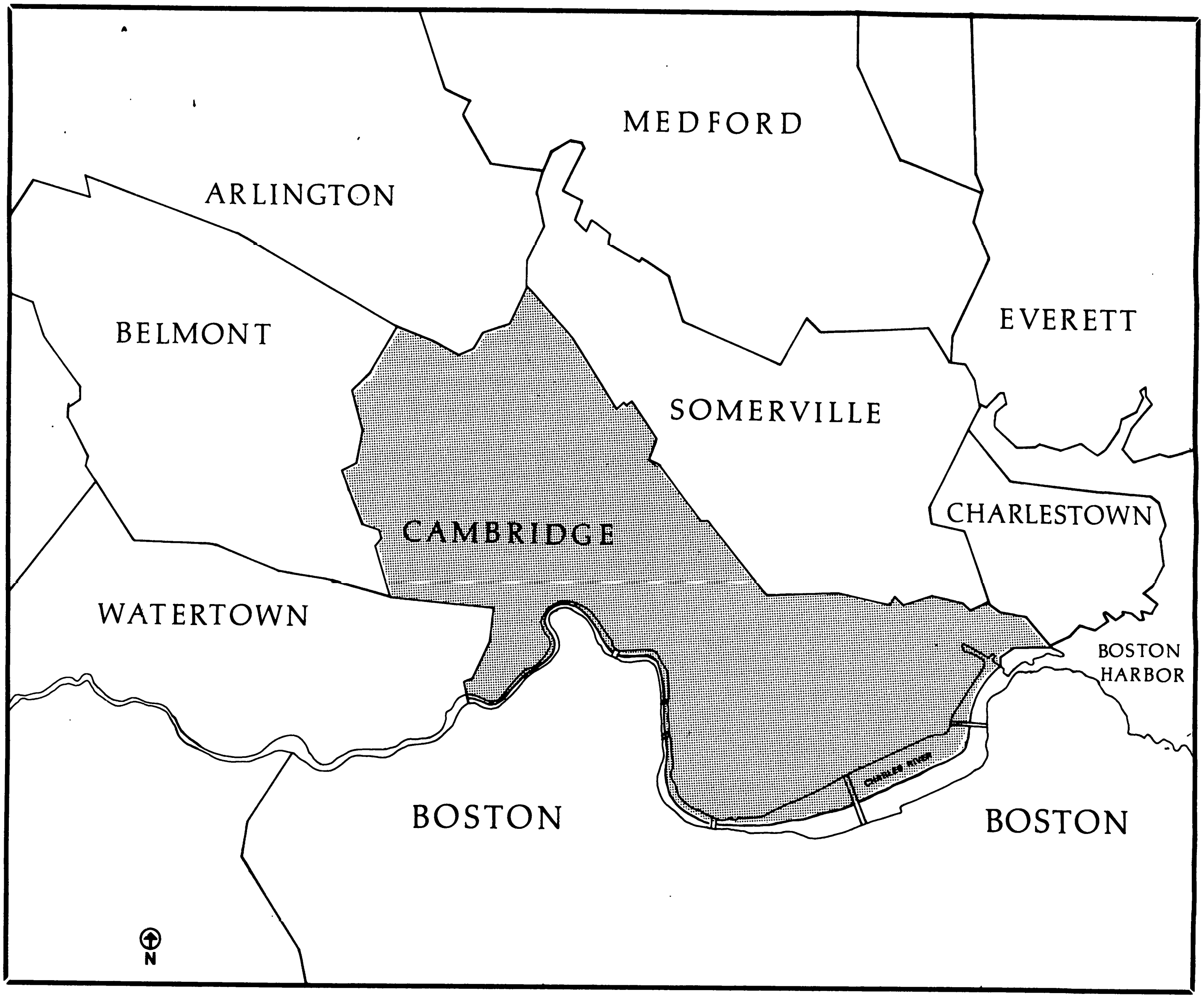


CAMBRIDGE AND SURROUNDING COMMUNITIES.

PART I: INTRODUCTION

The following material is qualified in its entirety by the detailed information and financial statements appearing elsewhere in this Official Statement, reference to which is hereby made for all purposes.

The Issuer

The City of Cambridge is located in Middlesex County across the Charles River from the City of Boston. Cambridge, first settled in 1630, was originally incorporated as a town in 1636 and became a city in 1846. Since 1940, Cambridge has operated under a council-manager form of government with nine city councillors elected every two years. Occupying a land area of 6.26 square miles, the City has an estimated population of 95,802, as of 1992.

The Bonds

City of Cambridge General Obligation Municipal Purpose Loan of 1994 Bonds, in book-entry-form, dated February 1, 1994, are due February 1 in each year of the years 1995 through 2004 in the aggregate principal amount of $13,350,000.

Security for the Bonds

The Bonds are general obligations of the City of Cambridge, to the payment of which the full faith and credit of the City are irrevocably pledged. Payment is not limited to a particular fund or revenue source, but is payable from taxes which may be levied upon all taxable property in the City, subject to the limit imposed by Chapter 59, section 21C of the General Laws. (Refer to "Section II: The Bonds" for a complete description of the security for the bonds and bondholder remedies.)

Use of Proceeds

The proceeds of the Bonds will be used to complete the construction of a cover over the City's finished water reservoir, renovate the city's water treatment plant, demolish an existing elementary school and construct a new school on the same site, sewer construction, open space improvements, and renovations to the municipal golf course.

Redemption

The Bonds are not subject to redemption prior to their stated maturity.

Tax Exemption

In the opinion of bond counsel, under existing law, the interest on the Bonds will be exempt from Massachusetts personal income taxes, although the Bonds and the interest thereon may be included in the measure of Massachusetts estate and inheritance taxes and of certain Massachusetts corporate excise and franchise taxes, and interest on the Bonds will be excluded from gross income for federal income tax purposes, assuming compliance by the City with the Internal Revenue Code of 1986, and will not be an item of tax preference for purposes of the federal alternative minimum tax imposed on corporations and individuals, although interest on the Bonds will be taken into account in computing certain federal taxes imposed on corporations. (Refer to "Section II: The Bonds" and Appendix B for a more complete description of the tax consequences of purchasing the security.)

Legal Matters

A copy of the legal opinion of the firm of Palmer & Dodge, Boston, Massachusetts, Bond Counsel, will accompany the Bonds. The opinion will be dated and given on and will speak only as of the date of original delivery of the Bonds to the successful bidder.

The scope of engagement of Bond Counsel does not extend to passing upon or assuming responsibility for the accuracy or adequacy of any statements made in this Official Statement other than matters expressly set forth as their opinion and they make no representation that they have independently verified the same.

Delivery

The Bonds are offered subject to prior sale, when, as, and if, issued by the City and accepted by the initial purchaser of the Bonds, subject to the receipt of an approving legal opinion by Palmer and Dodge, Boston, Massachusetts, Bond Counsel. Delivery of the Bonds is expected on or about February 22, 1994.

Financial Advisor

The Government Finance Group, Inc., Arlington, Virginia, is employed as the financial advisor to the City in connection with the issuance of the Bonds. The financial advisor's fee for services rendered with respect to the sale of the bonds is not contingent upon the issuance and delivery of the Bonds.

Bond Counsel

Palmer and Dodge, Boston, Massachusetts, is employed as Bond Counsel to the City in connection with the issuance of the Bonds. The legal fees to be paid Bond Counsel for services rendered in connection with the issue of the Bonds are contingent on the sale and delivery of the Bonds.

Ratings

Ratings have been assigned by Moody's Investors Service, Inc., 99 Church Street, New York, New York 10007, and Standard & Poor's Corporation, 25 Broadway, New York, New York 10004 as shown on the front cover. An explanation of the significance of such ratings may only be obtained from the rating agency furnishing the same. The City furnished to such rating agencies the information contained in this Official Statement and certain publicly available materials and information about the City. Generally, rating agencies base their ratings on such materials and information, as well as investigations, studies and assumptions of the rating agencies. Such ratings may be changed at any time, and no assurance can be given that they will not be revised downward or withdrawn entirely by either or both of such rating agencies if, in the judgement of either or both, circumstances so warrant. Such circumstances may include, without limitation, changes in or unavailability of information relating to the City. Any such downward revision or withdrawal of either of such ratings may have an adverse effect on the market price of the Bonds.

Auditors

A yearly independent audit of all accounts, books, records, and financial transactions of the City has been performed by KPMG Peat Marwick, Certified Public Accountants, of Boston, Massachusetts since fiscal year 1979. The opinion of the independent auditors for the period set forth in their report and the fiscal year 1993 Financial Statements are presented as a part of this Official Statement. (See Appendix A.)

Absence of Material Litigation

According to the City Solicitor, there is no litigation of any kind now pending or, to the best of his information, knowledge, and belief, threatened to restrain or enjoin the issuance or delivery of the Bonds or in any manner questioning the proceedings and authority under which the Bonds are issued.

In addition, according to the City Manager, no litigation is considered likely to result either individually or in the aggregate in final judgements which would materially affect the City's financial position.

Miscellaneous

This Official Statement and any advertisement of the Bonds are not to be construed as a contract with the purchaser of the Bonds. Any statements made in this Official Statement involving matters of opinions or of estimates, whether or not so expressly identified, are set forth as such and not as representation of fact, and no representation is made that any of the estimates will be realized.

Information relating to the location, economy, and finances of the City of Cambridge and the surrounding areas found herein was prepared by the City under the direction of the Government Finance Group, Inc., Financial Advisor to the City.

Disclosure

In preparing this Official Statement, the City has generally followed the disclosure guidelines recommended by the Government Finance Officers Association as presented in its January 1991 edition of "Disclosure Guidelines for State and Local Government Securities," and the information presented in this Official Statement substantially conforms to these guidelines to the best of the City's knowledge and belief.

Additional Information

The purpose of this Official Statement is to supply information to prospective buyers of the Bonds. All quotations from and summaries and explanations of laws contained in this Official Statement do not purport to be complete, and reference is made to said laws for full and complete statements of their provisions.

The City of Cambridge will prepare and periodically disseminate annual audited financial reports, including a comprehensive annual financial report and other information that the City deems pertinent. The City will deliver copies of all periodic reports and other pertinent published information to a nationally-recognized municipal securities information repository ("NRMSIR"). Based upon information available to the City, investors and other interested parties may contact one of the following NRMSIRs for additional information: Bloomberg Financial Markets (609) 497-3632 and Kenny Information Services (212) 770-4530.

While the City encourages interested parties to obtain copies of its official statements and periodic financial reports directly from the NRMSIRs, the City will provide relevant published information upon request. While the City currently does not charge for copies or mail delivery, the City expressly reserves the right to make any reasonable charge for provision of such information by mail as it shall determine. The City also will provide appropriate credit information to the nationally-recognized rating agencies that rate the City's securities to enable these organizations to review the outstanding rating. However, the rating may be revised or withdrawn at any time and the City's provision of information to the rating agencies does not ensure the continued existence of a rating.

Any questions concerning the contents of this Official Statement should be directed to the following: James P. Maloney, Jr., Assistant City Manager for Fiscal Affairs, (617) 349-4220; Thomas G. McLoughlin, Vice President, Government Finance Group, Inc., (703) 528-5785, or John G. Faria, Palmer & Dodge, (617) 573-0100.

PART II: THE BONDS

DESCRIPTION OF THE BONDS

General

The Bonds are dated February 1, 1994, and will bear interest from that date which will be payable beginning August 1, 1994 and semi-annually thereafter on February 1 and August 1 until maturity. The Bonds will mature on February 1 each year as specified below:

Due February 1	Principal Amount	Due February 1	Principal Amount
1995	$1,335,000	2000	$1,335,000
1996	1,335,000	2001	1,335,000
1997	1,335,000	2002	1,335,000
1998	1,335,000	2003	1,335,000
1999	1,335,000	2004	1,335,000

The Bonds are not subject to redemption prior to their stated maturities.

Book-Entry Only System

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee). One fully-registered Bond Certificate will be issued for each maturity of the Bonds each in the aggregate principal amount of such maturity and will be deposited with DTC. The record date for debt service payment is the close of business on the fifteenth day of the month prior to the month in which a debt service payment comes due.

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds securities that its participants ("Participants") deposit with DTC. DTC also facilitates the settlement among Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc., and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks, and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The Rules applicable to DTC and its Participants are on file with the Securities and Exchange Commission.

Purchases of securities under the DTC system must be made by or through Direct Participants, which will receive a credit for securities on DTC's records. The ownership interest of each actual purchaser of each security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the securities are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in securities, except in the event that use of the book-entry system for the securities is discontinued.

To facilitate subsequent transfers, all securities deposited by Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. The deposit of securities with DTC and their registration in the name of Cede & Co. effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such securities are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Neither DTC nor Cede & Co. will consent or vote with respect to securities. Under its usual procedures DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Bonds will be made to DTC. DTC's practice is to credit Direct Participants' accounts on each payable date in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on each payable date. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Agent, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the City or the Agent, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the City or the Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Bond certificates are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

AUTHORIZATION AND USE OF PROCEEDS

The $13,350,000 General Obligation Bonds consist of the following authorizations:

Reservoir Cover and Treatment Plant Renovations

$2,000,000

$2,000,000 was authorized pursuant to Massachusetts General Laws, Chapter 44, s.7(22) ($1,447,000) and s.8(4A) ($553,000) by a loan order adopted on May 22, 1989 as amended May 6, 1991 to provide funds for the construction of a cover over the City's finished water reservoir and for renovations to the City's water treatment plant.

Elementary School Construction

$9,100,000

$9,100,000 was authorized pursuant to Chapter 645 of the Acts of 1948 as amended and Massachusetts General Laws, Chapter 44 by loan orders of the City Council adopted May 7, 1990, as amended August 7, 1991, and May 11, 1992 to provide funds for the demolition of an elementary school and the construction of a new school on the same site.

Sewer Construction

$500,000

$500,000 was authorized pursuant to Massachusetts General Laws, Chapter 44 by a loan order of the City Council adopted May 7, 1990 to provide funds for the reconstruction of a portion of the City's sewer system.

Open Space Improvement

$1,750,000

$1,750,000 was authorized pursuant to Massachusetts General Laws, Chapter 44, s.7 by a loan order of the City Council adopted May 11, 1992 to provide funds for open space improvements and renovations to the clubhouse at the municipal golf course as well as landscaping improvements to the course.

SECURITY AND REMEDIES

Full Faith and Credit

Under Massachusetts law, the Bonds constitute a pledge of the full faith and credit of the City of Cambridge. Payment is not limited to a particular fund or revenue source. Except for "qualified bonds" as described below (see *Serial Bonds and Notes* below) and setoffs of state distributions as described below (see *State Distribution* below), no provision is made by the Massachusetts statutes for priorities among bonds and notes and other general obligations, although the use of certain moneys may be restricted.

Tax Levy

Massachusetts statutes direct the municipal assessors to include annually in the tax levy for the next fiscal year "all debt and interest charges matured and maturing during the next fiscal year and not otherwise provided for (and) all amounts necessary to satisfy final judgements." Specific provision is also made for including payments of rebate amounts not otherwise provided for and payments of notes in anticipation of federal aid or certain state aid in the next tax levy if the aid or reimbursement is no longer forthcoming. However, the total amount of a tax levy is limited by statute. The voters in each municipality may vote to exclude from the limitation any amounts required to pay debt service on indebtedness incurred before November 4, 1980. Local voters may also vote to exempt specific subsequent bond issues from the limitations. (See *Tax Limitations* below.) In addition, obligations incurred before November 4, 1980 may be constitutionally entitled to payment from taxes in excess of the statutory limit. The City of Cambridge has not voted to exempt the debt service on the Bonds from the limitations.

No provision is made for a lien on any portion of the tax levy to secure particular bonds or notes or bonds and notes generally (or judgements on bonds or notes) in priority to other claims. Provision is made, however, for borrowing to pay judgements rendered after the tax levy has been fixed, subject to the General Debt Limit (see "Authorization of General Obligation Bonds and Notes" and "Debt Limits"). Subject to the State Director of Accounts for judgements above $10,000, judgements may also be paid from available funds without appropriation and included in the next tax levy unless other provision is made.

Court Proceedings

In the opinion of Bond Counsel, the City of Cambridge is subject to suit on its general obligation bonds and notes. Courts of competent jurisdiction have power in appropriate proceedings to order payment of a judgement on the bonds or notes from lawfully available funds or, if necessary, to order the City to take lawful action to obtain the required money, including the raising of it in the next annual tax levy, within the limits prescribed by law (see *Tax Limitations* below). In exercising their discretion as to whether to enter such an order, the courts could take into account all relevant factors including the current operating needs of the City and the availability and adequacy of other remedies. The Massachusetts Supreme Judicial Court has stated in the past that a judgement against a municipality can be enforced by the taking and sale of the property of any inhabitant. However, there has been no judicial determination as to whether this remedy is constitutional under current due process and equal protection standards.

Utility and Enterprise Receipts; Revolving Funds

Massachusetts statutes also provide that certain water, gas and electric, sewer, and parking meter receipts may be used only for water, gas and electric, sewer, and parking and related purposes, respectively; accordingly, moneys derived from these sources may be unavailable to pay general obligation bonds and notes issued for other purposes. A city or town that accepts certain other statutory provisions may establish an enterprise fund for a utility, health care, recreational or transportation facility; under those provisions any surplus in the fund is restricted to use for capital expenditures or reduction of user charges. In addition, subject to certain limits, a city or town may annually authorize the establishment of one or more revolving funds in connection with the use of certain revenues for programs that produce those revenues; interest earned on a revolving fund is treated as general fund revenue. Also, the annual allowance for depreciation of a gas and electric plant is restricted to use for renewals and improvements or, with the approval of the State Department of Public Utilities, to pay debt incurred for plant reconstruction or renewals. Revenue bonds and notes issued in anticipation of them may be secured by a prior lien on specific revenues. Receipts from industrial users in connection with industrial revenue financing are also not available for general municipal purposes.

State Distributions

State grants and distributions may in some circumstances be available to pay general obligation bonds and notes of a city or town in that the State Treasurer is empowered to deduct from such grants and disbursements the amount of any debt service paid on "qualified bonds" (see *Serial Bonds and Notes* below) and any other sums due and payable by the city or town to the Commonwealth or certain other public entities, including any unpaid assessments for costs of the Massachusetts Bay Transportation Authority ("MBTA"), the Metropolitan District Commission ("MDC") and/or the Massachusetts Water Resources Authority ("MWRA").

If a city or town is (or is likely to be) unable to pay principal or interest on its bonds or notes when due, it is required to notify the State Commissioner of Revenue. The Commissioner shall in turn, after verifying the inability, certify the inability to the State Treasurer. The State Treasurer shall pay the due or overdue amount to the paying agent for the bonds or notes, in trust, within three days after the certification or one business day prior to the due date (whichever is later). This payment is limited, however, to the estimated amount otherwise distributable by the Commonwealth to the city or town during the remainder of the fiscal year (after the deductions mentioned in the foregoing paragraph). If for any reason any portion of the certified sum has not been paid at the end of the fiscal year, the State Treasurer shall pay it as soon as practicable in the next fiscal year to the extent of the estimated distributions for that fiscal year. The sums so paid shall be charged (with interest and administrative costs) against the distributions to the city or town.

The foregoing provisions do not constitute a pledge of the faith and credit of the Commonwealth. The Commonwealth has not agreed to maintain existing levels of state distributions and the direction to use estimated distributions to pay debt service may be subject to repeal by future legislation. It should also be noted that adoption of the Commonwealth's annual appropriation act is often delayed beyond the beginning of the fiscal year and estimated distributions which are subject to appropriation may be unavailable to pay local debt service until they are appropriated.

Bankruptcy

Enforcement for a claim for payment of principal of or interest on general obligation bonds or notes would be subject to the applicable provisions of federal bankruptcy law and to the provisions of other statutes, if any, hereinafter enacted by the Congress or the State Legislature extending the time for payment or imposing other constraints upon enforcement insofar as the same may be constitutionally applied.

OPINION OF BOND COUNSEL

A copy of the legal opinion of the firm of Palmer & Dodge, Boston, Massachusetts, Bond Counsel, will be printed on the Bonds. The opinion will be dated and given on and will speak only as of the date of original delivery of the Bonds to the successful bidder. A proposed form of the legal opinion is included herein as Appendix B.

The scope of engagement of Bond Counsel does not extend to passing upon or assuming responsibility for the accuracy or adequacy of any statements made in this Official Statement other than matters expressly set forth as their opinion and they make no representation that they have independently verified the same.

TAX EXEMPTION

In the opinion of Palmer & Dodge, Bond Counsel, under existing law the interest on the Bonds will be exempt from Massachusetts personal income taxes, although the Bonds and the interest thereon may be included in the measure of Massachusetts estate and inheritance taxes and of certain Massachusetts corporate excise and franchise taxes, and the interest on the Bonds will be excluded from gross income for federal income tax purposes and will not be an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. Interest on the Bonds will be taken into account, however, in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes).

The Internal Revenue Code of 1986, as amended (the "Code") establishes certain requirements that must be continuously satisfied subsequent to the issuance of the Bonds in order for interest on the Bonds to remain excluded from gross income for federal income tax purposes. These requirements include restrictions on the use, expenditure and investment of bond proceeds and also include the payment of rebates and penalties in lieu of rebates to the United States. Failure to comply with these requirements may cause inclusion of interest on the Bonds in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The City will covenant to take all lawful action necessary to comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that interest on the Bonds be or continue to be excluded from gross income for federal income tax purposes.

In addition to other requirements imposed by the Code, Section 148(f) of the Code requires an issuer of tax-exempt bonds to rebate to the United States certain excess earnings from investment of bond proceeds and other amounts, subject to certain exceptions. One of the exceptions applies when the gross proceeds of a bond issue are expended for the governmental purpose within certain specified periods after the date of issuance of the bonds. The City expects to expend all of the gross proceeds of the Bonds within the appropriate periods and, accordingly, expects the Bonds to qualify for this exception from the rebate requirement of the Code.

It should also be noted that the Code denies a deduction for interest on indebtedness incurred or continued to purchase or carry the Bonds and that for insurance companies subject to the tax imposed by Section 831 of the Code, the deduction for loss reserves is reduced by 15 percent of the sum of certain items including interest on the Bonds. In addition, interest on the Bonds earned by certain corporations could be subject to the environmental tax or the foreign branch profits tax imposed by the Code, and may be included in passive investment income subject to federal income taxation under provisions of the Code applicable to certain S corporations. The Code also requires recipients of certain social security and certain railroad retirement benefits to take into account receipts or accruals of interest on the Bonds in determining the portion of such benefits that are included in gross income. No assurance can be given that future legislation will not have tax consequences for owners of the Bonds.

PART III: THE CITY

INTRODUCTION

The City of Cambridge is located in southeast Middlesex County across the Charles River from the City of Boston. The City is bordered by the Towns of Watertown and Belmont on the west and the Town of Arlington and the City of Somerville on the north, and occupies a land area of 6.26 square miles. The City's estimated population was 95,802 in 1990.

Cambridge, first settled in 1630 by a group from the Massachusetts Bay Company, was originally incorporated as a town in 1636 and became a city in 1846. Since 1940, the City has had a Council-Manager form of government.

Developers find the City attractive due to its close proximity to Boston, extensive public transportation, an excellent network of roads, and the City's commitment to encouraging planned development. The location of two major universities, Harvard and the Massachusetts Institute of Technology, within the City's borders contributes significantly to its vitality and growth.

CONSTITUTIONAL STATUS AND FORM OF GOVERNMENT

Massachusetts cities and towns are subject to the plenary legislative power of the Commonwealth. As stated by the Supreme Judicial Court:

> "A town is not an independent sovereignty. It is a creature of the Commonwealth, from which are derived all its powers and those of its voters and officers."

Cities and towns provide general governmental services at the local level. Municipalities were traditionally authorized to exercise only those powers granted by the State Legislature, but Massachusetts adopted a Home Rule Amendment to its Constitution in 1966. Under this amendment, a city or town may exercise, by ordinance or by-law, any power which the State Legislature could confer upon it, provided that the ordinance or by-law is consistent with the laws enacted by the State Legislature. Certain powers are excluded from home rule and may still be exercised only when authorized by State law. These powers include the power to levy taxes, the power to borrow money, and the power to enact private or civil law governing civil relationships except as an incident to the exercise of an independent municipal power. Under the Home Rule Amendment the State Legislature may enact general laws relating to a class of two or more municipalities, but (except in limited circumstances) may enact a special law relating to a particular city or town only on request of the city or town.

An amendment to the State Constitution provides that any law imposing additional costs on two or more cities or towns by regulating aspects of municipal employment will not be effective within a city or town until the city council or town meeting accepts the law. Local acceptance is not required if the Legislature has either passed the law by a two-thirds vote or provided that the additional costs would be assumed by the State.

Cities and towns may change their form of government by adopting home rule charters or amending existing charters. The City of Cambridge is governed by a city council and an appointed city manager who has no power to veto council actions. Provision is often made for a referendum on council actions, and for initiation of measures, upon petition of a sufficient number of voters.

School affairs of the City are administered by an elected school committee. However, as a result of an initiative law adopted in 1980 (Proposition 2½), the School Committee is no longer autonomous with respect to school expenditures for current purposes. The school budget is limited to the total amount appropriated by the City Council, but the School Committee retains full power to allocate the funds appropriated.

CERTAIN ELECTED OFFICIALS AND ADMINISTRATIVE/FINANCIAL STAFF MEMBERS

The City operates under the Council-Manager form of government. The legislature and policy making body of the City is the nine-member City Council whose members are elected at-large for two-year terms. The Council elects a Mayor and Vice-Mayor from among its members with the Mayor serving as Chairman of the School Committee.

The City Manager is the chief executive and administrative officer and carries out the policies of the City Council. With the assistance of the Deputy City Manager and three Assistant City Managers, he coordinates the functions of 41 municipal departments responsible for the delivery of service to residents. The City Manager is appointed by the City Council and serves at the pleasure of the Council. In 1989, the City Council approved a contract for the present City Manager, which expires June 30, 1995.

There is a School Committee which is comprised of six elected members, plus the Mayor, who are elected for two-year terms. The School Superintendent is responsible for the day-to-day activities of the School Department and serves at the pleasure of the School Committee.

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

Principal Elected Officials

The following are the nine members of the City Council elected for two-year terms ending December 31, 1995:

Kenneth E. Reeves, Mayor

Sheila T. Russell, Vice Mayor	Michael A. Sullivan
Kathleen A. Born	Timothy J. Toomey, Jr.
Francis H. Duehay	Katherine Triantafillou
Jonathan S. Myers	William H. Walsh

The following are the six members of the School Committee elected for two-year terms ending December 31, 1995:

Kenneth E. Reeves, Chairman

Henrietta Davis	Robin A. Harris
Alfred B. Fantini	David P. Maher
Joseph G. Grassi	E. Denise Simmons

Principal Executive Officers

Robert W. Healy, City Manager since July, 1981.

Previously served the City as Deputy City Manager from 1980 to 1981 and Assistant City Manager from 1974 to 1980. Also served as Assistant City Manager for the City of Lowell, Massachusetts from 1970 to 1974. Bachelor of Arts degree in English from the University of Massachusetts and Masters degree in Educational Administration from the University of Lowell.

Richard C. Rossi, Deputy City Manager since November, 1981.

Previously served the City as Purchasing Agent from 1978 to 1981 and Assistant Superintendent of the Water Department from 1975 to 1978. Bachelor of Science degree in Business from Salem State University and a Masters degree in Public Administration from Northeastern University.

James P. Maloney, Jr., Assistant City Manager for Fiscal Affairs and Treasurer / Collector since November, 1982.

Previously served the City as Chief Budget Analyst from 1978 to 1980 and Budget Analyst from 1974 to 1978. Also served as Budget Administrator for the County of Arlington, Virginia from 1980 to 1982, and a consultant to the Finance Department, Engelwood, New Jersey in 1976. Bachelor of Arts degree in Government from Suffolk University and a Masters degree in Public Administration from Northeastern University.

Michael H. Rosenberg, Assistant City Manager for Community Development since March, 1986.

Previously served the City as Director of Housing from 1980 to 1986. Executive Director, Newton Community Development Department Foundation, Newton, Massachusetts, from 1979 to 1980. Bachelor of Arts in Philosophy from Queens College, City University of New York, and Master of Science degree in Urban and Regional Planning, University of Wisconsin.

Jill Herold, Assistant City Manager for Human Services since September, 1980.

Previously served the City as Director of Human Services Planning, Community Development Department from 1978 to 1980. Executive Director of a non-profit organization from 1971 to 1978. Bachelor of Science degree from the University of Maryland.

Russell B. Higley, City Solicitor since March, 1976.

Previously served the City as Assistant City Solicitor from 1970 to 1976 and General Counsel to the Rent Control Board. Assistant District Attorney, Middlesex County from 1968 to 1969. In addition, Mr. Higley has his own private law practice in Cambridge. Bachelor of Science degree in Business Administration from Suffolk University and a Doctor of Jurisprudence degree from Suffolk Law School.

D. Margaret Drury, City Clerk since June, 1992.

Previously served the City as General Counsel for Affordable Housing for the Community Development Department, 1989-1992; Executive Director of the Cambridge Rent Control Board, 1986-1989; Assistant Director and Assistant Counsel for the Cambridge Rent Control Board, 1982-1986. Bachelor of Arts degree from Syracuse University and Juris Doctor degree from Suffolk University Law School.

James A. Lindstrom, City Auditor since August, 1993.

Previously served as Executive Secretary for Chatham, Massachusetts from 1987 to 1993. Director of Administration & Planning/Finance Director for Amherst, Massachusetts from 1976 to 1987; Assistant Vice President and Area Controller, Citibank, New York, from 1974 to 1976; and Fiscal Officer, Paterson Redevelopment Agency, Paterson, New Jersey from 1969 to 1974. Bachelor of Arts in Economics from Hamilton College and Masters degree in Business Administration (Finance), Stanford University.

Mary Lou McGrath, Superintendent of the Cambridge School System since December, 1988.

Appointed by the Cambridge School Committee. Previously served as Interim Superintendent of Cambridge Public Schools from July 1988 to December 1988, Assistant Superintendent for Administration from October 1987 to July 1988, Director of Elementary Education from 1978 to 1987, Coordinator of Primary Education from 1975 to 1978, Acting Director of Primary Education from 1974 to 1975, Teacher in the Cambridge Public Schools from 1956 to 1974 and teacher in the Burlington School Department from 1955 to 1956. Bachelor of Science Degree, Elementary Education from State College, Salem, MA. Masters Degree in Education from Boston State College, Boston, MA.

GOVERNMENTAL SERVICES AND FACILITIES

The City provides general governmental services for the territory within its boundaries, including police and fire protection, collection and disposal of garbage and rubbish, public education in grades kindergarten through twelve, a hospital, water and sewer services, parks and recreation, health and social services, libraries/culture, and maintenance of streets and highways. The principal services provided by Middlesex County are space for courts, a jail, and house of correction, a hospital, and a registry of deeds. The Massachusetts Bay Transportation Authority ("MBTA") provides rapid transit service and bus coverage throughout the City with connections to the Metropolitan Boston area. The Metropolitan District Commission maintains certain parks, highways, and related police services. The Massachusetts Water Resources Authority ("MWRA") provides sewerage disposal services to the City. The Cambridge Housing Authority provides public housing for eligible low-income families, the elderly, and the handicapped.

The City's main municipal buildings include a City Hall, three general administrative buildings, a school administrative building, a public works garage and headquarters building, and a water treatment facility located at the City's reservoir. There is one police headquarters building, nine fire stations, six area libraries, plus a main branch, over sixty-nine parks and playground areas, a high school, plus thirteen elementary schools, located throughout the City.

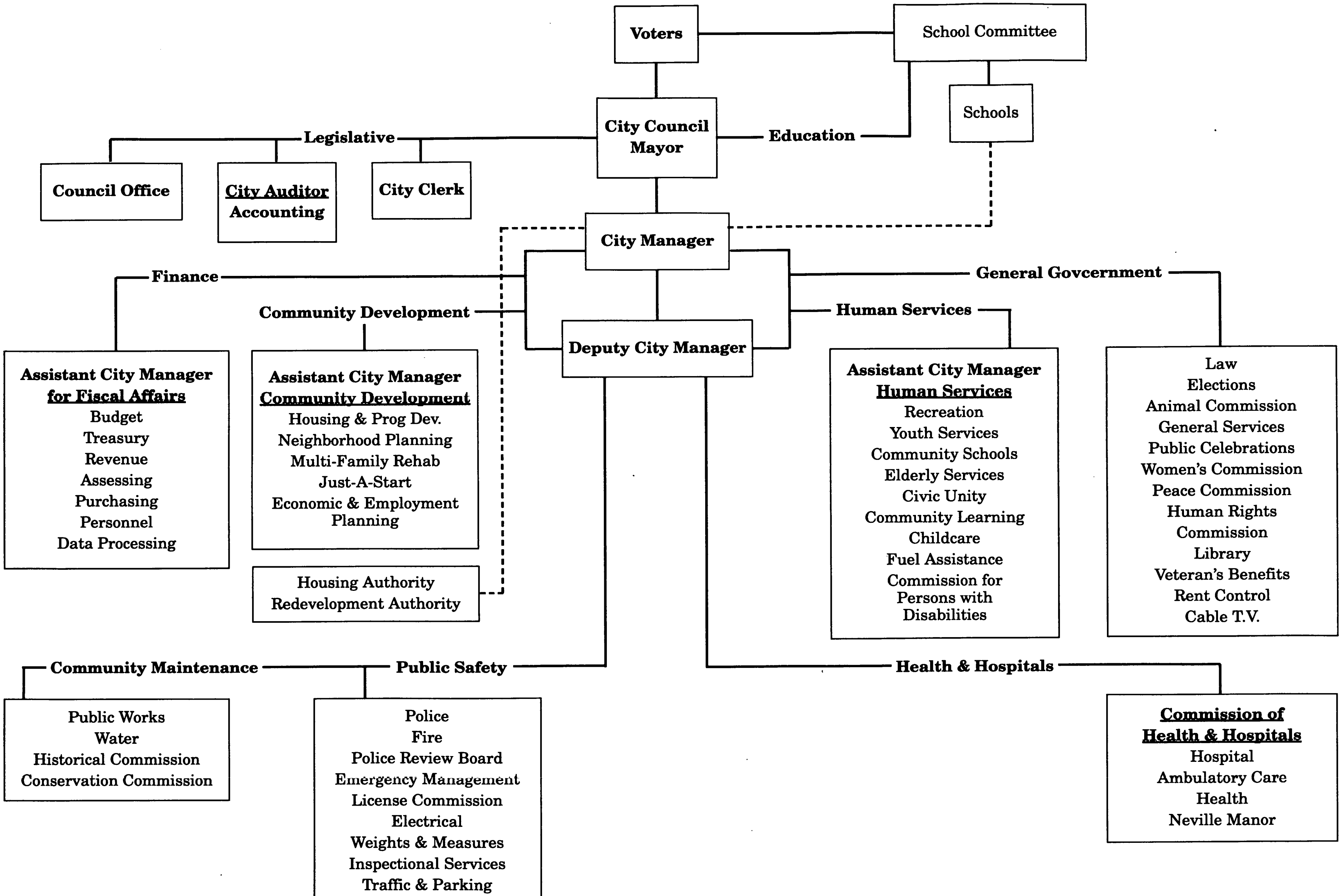
Some other major facilities provided by the City include a municipal golf course and club house, two community centers, outdoor and indoor swimming pools, tennis facilities, and a newly constructed field house located at the high school.

Federal buildings which are located in the City include offices for the Department of Transportation and the Social Security Administration. Also, in connection with Harvard University, the Smithsonian Astrophysical Observatory is located in the City.

The major State buildings located within the City are the Middlesex County Courthouse and the Registry of Deeds.

An organization chart for the City is presented on the following page.

ORGANIZATIONAL CHART
City of Cambridge, Massachusetts



Economic Development Activity

Based on estimated valuations of all real and personal property, the fiscal year 1994 total value of all property in Cambridge is $6.790 billion. Of that total approximately $2.783 billion consists of industrial, commercial, and personal property. New properties built and occupied in the last year added approximately $44 million to the taxable valuation base of the City. Fiscal year 1994 assessments decreased approximately $262.6 million from fiscal year 1993.

Given the diversified nature of the 100,621 documented jobs in Cambridge, the Cambridge economy continues to perform better than the economy of the Boston Metropolitan area or the Commonwealth of Massachusetts. Over the last thirteen years the unemployment rate in Cambridge has consistently been lower than the state's. The annualized unemployment rate has been at least 2%–3% lower than the rate for the Commonwealth since 1990. As of November, 1993 the unemployment rate for Cambridge was 4.4% and the Commonwealth's rate was 6.1%.

New commercial construction has slowed down over the last few years as the northeast has readjusted to new market forces. Presently there is approximately 300,000 SF of new commercial space under construction and over 200,000 SF of older underutilized or vacant structures being renovated. The commercial vacancy rate in Cambridge has continued to be lower than that of Boston and the surrounding suburbs. The vacancy rate in Cambridge is at 14% compared to the rate in Boston and suburban markets at 16% and 18% respectively. As companies continue to restructure and consolidate net absorption in Cambridge remains steady and positive. Long term commitments from companies such as Biogen, which is presently constructing an additional 148,000 SF of office/R&D space with expansion rights for another 500,000 SF continues to show the strength of the Cambridge market for maturing companies. Small and mid-sized companies are showing steady and significant growth in Cambridge with the signing of new leases such as Pilot Software (66,000 SF), Millennium Inc. (50,000 SF), Mathsoft (35,000 SF), Alkermes (26,000 SF), Endogen (28,000 SF), Biogen (19,000 SF), Cubist (14,000 SF) and many more software, communication and biotech companies in the 10–60,000 SF lease range. Growth of high tech and biotech companies continues to be strong in Cambridge as new companies continue to form and expand.

The construction of over 9.4 million SF between 1980–1991 provided Cambridge with a respectable base of Class A and quality high technology office/R&D space. Projections for development through the year 2010 include an additional 6.0–8.0 million SF of commercial space. Growth is expected to occur in the City's former industrial districts which have been changing to meet the demands of the new economy. The City is able to meter development in an orderly process through control over infrastructure, planned unit development, and zoning strategies.

Presented below are a summary of these five development areas with a description of their current economic activities and future potential.

East Cambridge. This area lies directly across the Charles River from Boston at the Museum of Science and Charles River Dam area, approximately 2 miles from downtown Boston and 15 minutes from Logan International Airport and, along with the Kendall Square area, consists of 170 acres of land.

Access to public transportation is by way of the MBTA's Kendall Red Line and Lechmere Green Line rapid transit stations with connections to the metropolitan Boston area, as well as by surface bus routes.

The total development completed in this project area over the last twelve years includes 3.7 million square feet of new and renovated prime office/R&D and retail space, 200 hotel rooms, and over 750 housing units valued at over $630 million. East Cambridge has developed as a center for the computer and biotechnology industries with headquarters for such firms as Lotus, Aspen Technologies, and Thinking Machines in computer software and hardware, and Repligen and Genzyme in biotechnology. Lotus Development is currently constructing a new 100,000 SF building, with internal access to its main headquarters.

The long term development potential in this area includes approximately 2.3 million SF, including major development space at ComEnergy and One Kendall Square.

Kendall Square. This area lies across the Charles River from Boston at the Longfellow Bridge, adjacent to the MIT Campus and East Cambridge Riverfront areas. The MBTA's renovated Kendall Red Line rapid transit station, surface bus routes and a bus shuttle service serve this area. Buildings completed in the 1980's added over 2.0 million SF to bring the total Kendall Square area to over 5.0 million SF of first class office/R&D space. The area is enhanced by an active commercial center at the Cambridge Center Marriott; a public plaza adjacent to the MBTA station; handsome new streets, sidewalks, street furniture and trees; a year round fountain/steam sculpture; and other public open space.

The most recent new development has been the groundbreaking in the Fall of 1993 for a 148,000 SF new building at 12 Cambridge Center for Biogen, Inc. as part of its long-term development in the area. The area also houses the headquarters of The Stride Rite Corporation, Computer Corporation of America, CSC/Index, Polaroid, and Camp, Dresser & McKee. Office leasing is heavily influenced by the close proximity to MIT and Harvard University. The ten to fifteen year development potential will accommodate another 1.5 million square feet of commercial space.

Alewife. This area in the western part of the City near Fresh Pond Reservoir, the M.D.C. Alewife Reservation, and the Belmont and Arlington town lines, consists of approximately 370 acres within a thirty minute drive to Logan International Airport and downtown Boston as well as the residential suburbs and the Route 128 corridor. The area is served by the MBTA's Red Line rapid transit system as a result of the 1985 opening of three stations along the 2.5 mile extension from Harvard Square, including the Alewife Station, all of which are supplemented by MBTA surface bus lines. A 2,000 car parking garage is located adjacent to the station and has direct access to State Route 2.

Over 1.5 million square feet of prime office/R&D space was built in Alewife over the last twelve years including two major planned developments on opposite sides of the MBTA station. Alewife has become a center for companies in consulting and biotechnology. The area is headquarters for BBN, Genetics Institute, and Arthur D. Little. The ten year potential including the planned projects in Alewife will accommodate an additional 2.3 million SF of commercial space. The Alewife area appeals to companies interested in a suburban setting within the City of Cambridge. The City is currently finalizing a draft planning study for this area, updating the Alewife Master Plan completed in 1979. The planning study includes recommendations for upgrading the infrastructure, encouraging economic development, and preserving and enhancing environmental and recreational resources. The draft is now under review by the Planning Board and will be sent to the City Council for their review early in 1994.

Cambridgeport. This area, comprising 70–80 acres located between the Charles River at the Boston University Bridge and Central Square is a former industrial area being redeveloped primarily for office/R&D with some retail, light manufacturing, and residential uses. Over 630,000 SF of office/R&D and manufacturing space and 280 housing units have been completed over the last twelve years with an estimated value in excess of $90 million. Over 200,000 SF of older industrial buildings have either recently been completed or are presently under renovation for new tenants.

Forest City Development, in conjunction with the Massachusetts Institute of Technology, is in the process of constructing a long term phased development of 2.3 million SF including a major hotel, retail shopping center, office/R&D space and 400 units of housing. Over 350,000 SF of office/R&D space has been completed and is fully occupied, 148 units of housing is completed, and construction for 77 units will begin in the spring of 1994. Plans for the hotel and next two office/R&D buildings are in the planning/design phase.

North Point. This is an underutilized industrial and railroad service area situated in a strategic location adjacent to the Charles River. Boston's Central Artery project emerges through this area and is under intense planning review. Given the area's proximity to major research areas such as Massachusetts General Hospital and the East Cambridge/Kendall Square areas, North Point has a strong future development potential. This area could accommodate up to 2.0 million SF of mixed use development. The Central Artery project is scheduled to provide the City with $5 million for infrastructure improvements to provide access to areas for research and development, the relocation of the Lechmere Green Line rapid transit station, and a new park along the Charles River. Over 400 units of housing and a 200 suite hotel development has recently received development approval.

Publicly-Assisted Housing

In the late 1960's and 1970's, Cambridge made extensive efforts to support federal programs for the production of new rental units for low and moderate income families and the elderly. During this period the number of publicly assisted units more than doubled from 2,111 in 1970 to approximately 5000 in 1980. Since 1980, with the cutback in federal funds for housing production, the City has placed increased emphasis on the preservation and rehabilitation of the existing stock, especially in lower income neighborhoods. However, even with the cutbacks, about 90 new public housing units were added to the City's housing stock in the past decade.

More than half of the City's $3.2 million annual Community Development Block Grant, as well as other public and private funds, are being allocated to local housing programs that rehabilitate 1–4 unit owner-occupied structures and investor-owned multi-family properties, and create affordable homeownership opportunities for Cambridge residents through conversion, infill construction, and the Resident Coop Ownership program. Since 1980, such programs have enabled the City to upgrade over 1,500 dwelling units. Since 1989, for example, the Cambridge Affordable Housing Trust has committed $1.8 million for the development of 240 affordable units which, in turn, have leveraged over $13 million in other funds. In addition, Cambridge has been designated a participating jurisdiction under the federal HOME program and received $1,113,000 from HUD in 1992 for the provision of new and rehabilitated affordable housing units. The City has recently received a $3.4 million federal grant from HUD to assist property owners in deleading their units. Thus, it seems clear that the City's efforts have had a significant impact in preserving an aging inventory of privately owned structures while providing additional units of decent, affordable housing in existing buildings, and, in some cases, new structures.

For the past decade, the Cambridge Housing Authority has successfully pursued a program of modernizing the public housing inventory. More than 920 units in the City's largest public housing developments have undergone major renovations at a cost of $37.5 million in federal and state funds, and $27 5 million more has been committed to additional modernization.

Employment

Because of the extensive development which has taken place, Cambridge has experienced unemployment rates significantly lower than the national and Massachusetts averages over the last seven years. In addition to the new employment created by the growth of research and development and service industries, the City still has its traditional employers in the area of education, medicine, and government which promotes the City's overall diversity.

The following table presents the number of employees for the calendar year 1992, as compiled by the Massachusetts Department of Employment and Training. The total annual payroll for the more than 3,445 businesses and government agencies for 1992 was $3.6 billion.

CITY OF CAMBRIDGE
NUMBER OF EMPLOYEES
CALENDAR YEAR 1992

	1992 Average Employees	Percent of Total Employment
Private Sector:		
Agriculture, Forestry & Fisheries	138	0.1%
Mining	"c"(1)	N/A
Construction	1,446	1.4
Manufacturing	7,467	7.2
Transportation, Communication, Utilities	2,165	2.1
Wholesale & Retail Trade	15,536	15.0
Financial, Insurance, Real Estate	3,398	3.0
Service Industries	66,327	64.2
Total Private	96,447(2)	93.4
Public Sector:	6,831	6.6
TOTAL	103,278	100.0%

(1) Confidential item. Summary level data is confidential if there are less than three reporting units in the total or if with three or more units, one unit accounts for 80 percent or more of the total. Confidential items are identified by the Department of Employment and Training by the letter "c".
(2) Total private sector employment is higher than the sum of all component units because confidential data is included in total employment.

Source: Massachusetts Department of Employment and Training.

CITY OF CAMBRIDGE
TOP TWENTY-FIVE EMPLOYERS
JANUARY 1994

Rank	Name of Employer	Nature of Business	1994 Employees
1	Harvard University	Education	8,981
2	MIT	Education	8,540
3	City of Cambridge	Government/Schools/Hospital	5,072
4	Polaroid	Photo & Optic Equipment	2,062
5	Mt. Auburn Hospital	Medical	2,056
6	Lotus Development Corp.	Computer Software	1,552
7	Draper Labs	Research & Development	1,439
8	Arthur D. Little	Research & Development	1,377
9	Bolt, Beranek & Newman	Research & Development	1,185
10	Youville Hospital	Medical	850
11	Star Market	Retail	846
12	Crimson Travel/ Thomas Cook	Travel Services	771
13	Badger Engineering	Construction	748
14	Dept. of Transportation	Government	700
15	Camp, Dresser, McKee	Engineering	700
16	Genetics Institute	Research & Development	500
17	Baystate Health Care	Medical	470
18	Genzyme	Pharmaceutical Products	459
19	Bioran	Pharmaceutical Products	450
20	Harvard Coop. Society	Retail	440
21	Whitehead Institute	Research & Development	428
22	Lesley College	Education	401
23	Biogen	Pharmaceutical Products	370
24	ABT Associates	Research & Development	364
25	Hyatt Regency Hotel	Hotel	360
	TOTAL		41,121

Source: Cambridge Community Development Department

As illustrated in the table below, the unemployment rate for the City of Cambridge has been consistently lower than the rates for the State of Massachusetts and the United States.

UNEMPLOYMENT RATE
AVERAGE ANNUAL RATES
1986 TO 1993

	Cambridge	Boston SMSA	Massachusetts	United States
1993, November (1)	4.4%	5.2%	6.1%	6.1%
1992	5.6	7.5	8.5	7.4
1991	6.0	7.7	9.0	6.7
1990	3.8	5.1	6.0	5.5
1989	2.8	3.4	4.0	5.3
1988	2.4	2.8	3.3	5.5
1987	2.4	2.7	3.2	6.2
1986	3.2	3.5	3.8	7.0

(1) Unadjusted Monthly Average

Source: Massachusetts Department of Employment and Training

Industry

A variety of industrial and commercial service employers are located within the City of Cambridge. The following two tables present information on retail establishments and sales, and service establishments and sales for the 1987 calendar year, the most recent data available.

CITY OF CAMBRIDGE
RETAIL ESTABLISHMENTS AND SALES
CALENDAR YEAR 1987

	Cambridge			Boston SMSA		
	# of Firms With Payroll	Sales (000)	% of Total	# of Firms With Payroll	Sales (000)	% of Total
Building Materials and Lawn Products	17	$ 21,813	2.6%	673	$ 1,077,686	4.8%
General Merchandise Group	10	126,222	15.0	324	2,461,231	10.9
Food Stores	93	159,264	18.9	2,126	3,925,962	17.4
Automotive Dealers.......	13	64,527	7.6	760	4,919,668	21.8
Gasoline Service Stations.................	39	32,265	3.8	1,208	1,114,623	4.9
Apparel, Accessories Stores	81	66,879	7.9	1,821	1,527,533	6.8
Furnishing, Home Furnishings, Equipment Stores......	83	72,700	8.6	1,324	1,101,271	4.9
Eating & Drinking Places....................	282	138,978	16.5	4,883	2,507,571	11.1
Drug Stores, Proprietary Stores	29	39,884	4.7	632	823,267	3.6
Miscellaneous Retail......	179	121,717	14.4	3,911	3,116,355	13.8
Total..................	826	$844,249	100.0%	17,662	$22,575,167	100.0%

Source: U.S. Department of Commerce, Bureau of the Census, 1987 Census of Retail Trade.

CITY OF CAMBRIDGE
SERVICE ESTABLISHMENTS AND SALES
CALENDAR YEAR 1987(1)

	Cambridge			Boston SMSA		
	Firms With Payrolls	Sales (000)	% of Total	Firms With Payrolls	Sales (000)	% of Total
Hotels, Motels, & Other Lodging Places..	11	$ 77,304	4.1%	232	$ 893,545	4.6%
Personal Services	90	31,924	1.7	2,735	508,056	2.6
Business Services	272	993,277	53.0	4,635	5,642,773	29.0
Automotive Repair, Service, and Garages ..	53	22,754	1.2	1,963	988,782	5.1
Misc. Repair Service......	21	8,143	0.4	717	380,879	2.0
Amusement and Recreation Services Including Motion Pictures.................	53	36,264	1.9	1,205	747,020	3.8
Health Services, Except Hospitals	210	118,000	6.3	5,408	2,520,794	13.0
Legal Services	66	18,126	1.0	2,341	1,659,563	8.5
Selected Education Services.................	16	8,434	0.5	215	93,581	0.5
Engineering, Architectural, & Surveying Services.....	340	542,893	29.0	4,145	5,781,863	29.7
Social and Other Services.................	37	15,596	0.8	962	223,246	1.1
Total..................	1,169	$1,872,715	100.0%	24,558	$19,440,102	100.0%

(1) This is the most recent data available for this chart.

Source: U.S. Department of Commerce, Bureau of the Census, 1987 Census of Service Industries.

Housing and Construction Activity

The data in the tables on the following page are presented to illustrate various housing characteristics for the City of Cambridge. The 1990 U.S. Census indicates that the total number of dwellings in the City was 41,979. Overall, the distribution of housing units is not skewed to any one type, with nine or more units and condominiums representing the largest percentage. As of January 1, 1993, the total number of units in the City was 41,796.

CITY OF CAMBRIDGE
DWELLING UNITS BY TYPE
(As of January, 1993)

Type of Housing	Number of Buildings	Number of Units	% of Total
One-Family	3,453	3,453	8.25%
Two-Family	3,171	6,342	15.15
Three-Family	1,675	5,025	12.00
Four to Eight Family	859	4,603	10.99
Nine or More Units	303	12,588	30.07
Condominiums	832	7,197	17.19
Mixed Res./Comm. Bldgs.	362	2,026	4.83
Rooming Houses	62	634	1.52
Total	10,717	41,868	100.00%

Source: City Department of Finance.

CITY OF CAMBRIDGE
VALUE OF NEW CONSTRUCTION AND DISTRIBUTION BY TYPE
FISCAL YEARS 1986 TO 1993

Fiscal Year	Est. Value of Construction	% Distribution Residential	Commercial
1993	$143,324,133	29%	71%
1992	145,693,744	21	79
1991	83,572,870	24	76
1990	178,232,594	32	68
1989	247,169,263	14	86
1988	289,218,235	33	67
1987	201,222,034	46	54
1986	133,090,381	44	56

Source: Cambridge Inspectional Services Department.

Population and Income Characteristics

According to figures provided by the U.S. Census Bureau, as of 1990, the City of Cambridge had a population of 95,802. This figure represents a 5.0 percent increase from the 1988 population. The following table represents population figures for selected years.

CITY OF CAMBRIDGE
POPULATION AND RATES OF CHANGE

Year	Population	Rate of Change
1992	95,802	0.0%
1990	95,802	5.0
1988	91,260	1.4
1986	92,535	0.0
1984	92,535	-1.4
1982	93,841	-1.6
1980	95,322	-5.0
1970	100,361	-6.8
1960	107,716	-10.8
1950	120,740	—

Source: The 1992, 1990, 1980, 1970, 1960, and 1950 figures are from the U.S. Census. The 1982, 1984, 1986, and 1988 figures are from the Bureau of the Census, Current Population Report "Local Population Estimates."

The 1990 U.S. Census reported the City's median age to be approximately 31 years with a much greater representation of residents in the 25–34 year old age group than the national average. In addition, the City has a very high percentage of individuals who have graduated from high school and who have attended four or more years of college in comparison to the Massachusetts and national averages.

SELECTED POPULATION CHARACTERISTICS

Characteristic	Cambridge	Boston SMSA	Massachusetts	United States
Population (1)	95,802	2,870,669	6,016,425	248,709,873
Median Age (1)				
1990	31.1	33.4	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 (1)				
5–17	9.2%	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
Four or more years of college education 25 years old & over (2)	54.2%	35.4%(3)	27.2%	N/A
High school graduates 25 years old & over (2)	84.4%	84.3%(3)	80.0%	N/A

(1) Source: U.S. Department of Commerce, Bureau of the Census, 1990 Census of Population.
(2) Source: State Data Center, Massachusetts Institute for Social and Economic Research.
(3) Source: Middlesex County, Massachusetts.

Income

Presented below are tables of median family income and per capita income.

MEDIAN FAMILY INCOME

Year	Cambridge	Boston SMSA	Massachusetts	United States
1989	$39,990	$49,266	$44,367	$37,919
1979	17,845	22,848	21,166	19,917
1969	9,815	11,485	10,833	9,586

Source: U.S. Department of Commerce, Bureau of the Census

PER CAPITA PERSONAL INCOME

Year	Cambridge	Boston SMSA	Massachusetts	United States
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

Source: U.S. Department of Commerce, Bureau of the Census; and the Bureau of Economic Analysis; and Massachusetts State Data Center.

EDUCATION

Elementary and Secondary Schools

The City of Cambridge public school enrollment totalled 8,184 for the 1993–1994 school year. It is projected that the figures will show a slight increase over the next four years. In addition to the public school system, there are approximately eleven private and parochial schools in the City. In 1993–94, there were approximately 1,600 students enrolled in these schools.

Summarized below are selected items of information concerning the number and type of public facilities and the total annual school enrollments (actual and projected).

CITY OF CAMBRIDGE
PUBLIC EDUCATION FACILITIES
1993–1994 SCHOOL YEAR

13 Elementary Schools
1 High School
1 Administrative Building
3 Miscellaneous Buildings

Source: Cambridge School Department.

SCHOOL ENROLLMENT ACTUAL AND PROJECTIONS
SCHOOL YEARS 1994–1998 (1)

	1994	1995	1996	1997	1998
Elementary	5,460	5,586	5,691	5,801	5,937
Secondary	2,036	2,067	2,164	2,249	2,258
Ungraded	688	688	688	688	688
Total	8,184	8,341	8,543	8,738	8,883

(1) Enrollments are as of October 1 for the school years shown. The figures shown for 1994 are actual with the following years as projections.

CITY OF CAMBRIDGE
PUBLIC SCHOOL ENROLLMENTS HISTORY (1)

Fiscal Year	K–8	9–12	Special	Total	Percentage Change
1993	5,297	2,038	688	8,023	+1.92%
1992	5,097	2,102	673	7,872	+1.48
1991	4,998	2,078	681	7,757	+1.60
1990	4,796	2,136	703	7,635	– .23
1989	4,657	2,253	743	7,653	– .67
1988	4,584	2,400	721	7,705	–1.49
1987	4,631	2,541	648	7,820	– .82
1986	4,684	2,619	582	7,885	–1.40
1985	4,760	2,671	566	7,997	+ .05
1984	4,795	2,621	577	7,993	–2.00
1983	4,930	2,606	616	8,152	

(1) Enrollments are as of October 1, for the fiscal years shown.
Source: Cambridge School Department.

Higher Education

The major institutions of higher education located in the City are Harvard University and the Massachusetts Institute of Technology (M.I.T.).

Harvard University, the nation's oldest institution of higher learning, was established by the Great and General Court of the Massachusetts Bay Colony in 1636, just 16 years after the Pilgrims landed at Plymouth Rock. Harvard has grown from a school of 12 students and a single master to a university with an enrollment of 17,300 degree candidates.

Harvard University is located in Harvard Square. The various schools and colleges include facilities of Harvard College (the undergraduate portion of the University) as well as the Graduate School of Arts and Sciences, Radcliff College, the Graduate School of Education, the John F. Kennedy School of Government, the Harvard Law School, the Harvard Divinity School, the Graduate School of Design, the Widener Library and the Loeb Drama Center (home of the American Repertory Theater).

Additional facilities include many of Harvard's famous museums, including the Fogg Museum, The Busch Reisinger Museum, the Sackler Museum, the Museum of Comparative Zoology, the Peabody Museum, and the Botanical Museum. In addition to serving as teaching and research facilities, these museums are open to the public. Public exhibitions also are conducted at the Harvard College Observatory and the Harvard Smithsonian Observatory.

While the Massachusetts Institute of Technology began its life across the Charles River, in Boston, the University moved to Cambridge in the early part of this century.

The facilities of the undergraduate and graduate schools for M.I.T., with an enrollment of over 9,200 degree candidates, are located in the Kendall Square area of the City. These include the Graduate School for Architecture and Planning, the Graduate School of Management, the Graduate School of Science, and the Graduate School of Humanities and Social Science.

Additional M.I.T. facilities include the Interdenominational Chapel, Kresge Auditorium, the Hayden Art Gallery, the Margaret Hutchinson Compton Gallery, the Hart Nautical Galleries, the Albert and Vera List Visual Arts Center, and the M.I.T. Museum and Historical Collections, as well as the famous laboratory of Professor Harold Edgerton for Stroboscopic Light Display and Photographs.

PART IV: CITY INDEBTEDNESS AND CAPITAL PLAN

AUTHORIZATION OF GENERAL OBLIGATION BONDS AND NOTES

Serial bonds and notes are authorized by vote of two-thirds of all members of the City Council. Provision is made for a referendum on the borrowing authorization if there is a timely filing of a petition bearing the requisite number of signatures. Refunding bonds and notes are authorized by the City Council. Borrowings for some purposes require State administrative approval.

When serial bonds (or notes) have been authorized, bond anticipation notes may be issued by the officers authorized to issue the serial bonds (or notes). Temporary loans in anticipation of the revenue of the fiscal year in which the debt is incurred or in anticipation of authorized federal and state aid generally may be made by the Treasurer with the approval of the City Manager.

DEBT LIMITS

General Debt Limit

Under Massachusetts statutes, the General Debt Limit of the City of Cambridge consists of a Normal Debt Limit and a Double Debt Limit. The Normal Debt Limit of the City is 2½ percent of the valuation of taxable property as last equalized by the State Department of Revenue. The City of Cambridge can authorize debt up to this amount without State approval. It can authorize debt up to twice this amount (the Double Debt Limit) with the approval of the State Emergency Finance Board.

There are many categories of general obligation debt which are exempt from and do not count against the General Debt Limit. Among others, these exempt categories include revenue anticipation notes and grant anticipation notes, emergency loans, loans exempted by special laws, certain school bonds sewer bonds, and solid waste disposal facility bonds, and, subject to special debt limits, bonds for water (limited to 10 percent of equalized valuation), housing, urban renewal and economic development (subject to various debt limits), and electric and gas (subject to a separate limit equal to the General Debt Limit, including the same doubling provision). Industrial revenue bonds, electric revenue bonds and water pollution abatement revenue bonds are not subject to these debt limits. The General Debt Limit and the special debt limit for water bonds apply at the time the debt is authorized. The other special debt limits generally apply at the time the debt is incurred.

Revenue Anticipation Notes

The amount borrowed in each fiscal year through the issuance of revenue anticipation notes is limited to the tax levy of the prior fiscal year, together with the net receipts in the prior fiscal year from the motor vehicle excise and certain payments made by the Commonwealth in lieu of taxes. The City's fiscal year ends on June 30. Notes issued at the end of the fiscal year may mature in the following fiscal year, and notes may be refunded into the following fiscal year, to the extent of the uncollected unabated current tax levy and certain other items, including revenue deficits, overlay deficits, final judgements and lawful unappropriated expenditures, which are to be added to the next tax levy, but excluding revenue deficits arising from a failure to collect taxes of earlier years (see *Taxation to Meet Deficits* below). In any event, the period from an original borrowing to its final maturity cannot exceed one year.

TYPES OF OBLIGATIONS

General Obligations

Under Massachusetts statutes, the City of Cambridge is authorized to issue general obligation indebtedness of these types:

Serial Bonds and Notes

These are generally required to be payable in equal or diminishing annual principal amounts beginning no later than the end of the next fiscal year commencing after the date of issue and ending within the terms permitted by law. Level debt service is permitted for bonds or notes issued for certain purposes, and for those projects for which debt service has been exempted from property tax limitations. The maximum terms vary from one year to 40 years, depending on the purpose of the issue. Most of the purposes are capital projects. They may be made callable and redeemed prior to their maturity, and a redemption premium may be paid. Refunding bonds or notes may be issued subject to the maximum term measured from the date of the original bonds or notes. Serial bonds may be issued as "qualified bonds" with the approval of the State Emergency Board, subject to such conditions and limitations (including restrictions on future indebtedness) as may be required by the Board. The State Treasurer is required to pay the debt service on "qualified" bonds and thereafter to withhold the amount of the debt service from state aid or other state payments; administrative costs and any loss of interest income to the Commonwealth are to be assessed upon the City.

Bond Anticipation Notes

These generally must mature within two years of their original dates of issuance but may be refunded from time to time for a period not to exceed five years from their original dates of issuance, provided that for each year that the notes are refunded beyond the second year they must be paid in part from revenue funds in an amount at least equal to the minimum annual payment that would have been required if the bonds had been issued at the end of the second year. The maximum term of bonds issued to refund bond anticipation notes is measured from the date of the original issue of the notes.

Revenue Anticipation Notes

Revenue Anticipation Notes are issued to meet current expenses in anticipation of taxes and other revenues. They must mature within one year but, if payable in less than one year, may be refunded from time to time up to one year from the original date of issue.

Grant Anticipation Notes

Grant Anticipation Notes are issued for temporary financing in anticipation of federal grants and state and county reimbursements. They must generally mature within two years but may be refunded from time to time as long as the municipality remains entitled to the grant or reimbursement.

Revenue Bonds

Cities and towns may issue revenue bonds for solid waste disposal facilities and for projects financed under the Commonwealth's water pollution abatement revolving loan program. In addition, cities and towns having electric departments may issue revenue bonds, and notes in anticipation of such bonds, subject to the approval of the State Department of Public Utilities. The City of Cambridge does not have an electric department, and has not authorized any other city revenue bonds.

CITY OF CAMBRIDGE
STATEMENT OF INDEBTEDNESS
LONG-TERM BONDS AND TEMPORARY LOANS (1)
AS OF JANUARY 1, 1994

Bonds:

	Outstanding Bonds Prior To This Issue	Authorized Unissued Prior To This Issue	Outstanding After This Issue	Authorized Unissued After This Issue
Within General Debt Limit: (2)	$36,184,035	$69,810,965	$39,934,035	$66,060,965
Outside General Debt Limit:				
School (3)	7,695,000	20,100,000	16,795,000	11,000,000
Sewer	870,000	0	870,000	0
Garage	420,000	0	420,000	0
Water	10,250,000	4,000,000	10,750,000	3,500,000
Sub Total	19,235,000	4,000,000	28,835,000	14,500,000
Total Bonds	$55,419,035	$93,910,965	$68,769,035	$80,560,965

Temporary Loans:

	January 1, 1994
Bond Anticipation	$0
Grant Anticipation	0
Revenue Anticipation: (4)	
For Current Year	0
For Prior Year	0
	$0

(1) Excludes lease and installment purchase obligations, overlapping debt, and unfunded pension liability.
(2) At the present time, the Normal General Debt Limit is $199,619,775 and the Double General Debt Limit (see "Debt Limit" above) is $399,239,550.
(3) Source: School Building Assistance Bureau. The unpaid balance of state school construction grants payable over the life of outstanding school bonds for both principal and interest (interest is partially or wholly included in eligible costs of projects approved after January 1, 1971) was estimated at approximately $12,764,634 on June 30, 1993. This amount is subject to annual appropriation by the State Legislature.
(4) The City has not borrowed in anticipation of revenues since fiscal year 1987.

Source: City Department of Finance.

CONTRACTS AND MUNICIPAL LEASES

Municipal contracts are generally limited to currently available appropriations. Statutory authority is granted, however, to make contracts extending into future years for certain specified purposes and subject to specific maximum term limits. A city or town generally has authority to enter into contracts for the exercise of any of its corporate powers for any period of time deemed to serve its best interests, but generally only when funds are available for the first fiscal year; obligations for succeeding fiscal years generally are expressly subject to availability and appropriation of funds. Municipalities have specific authority in relatively few cases to enter long-term contractual obligations that are not subject to annual appropriation, including contracts for refuse disposal (20 year maximum term). Municipalities may also enter into long-term contracts in aid of housing and renewal projects. There is implied authority to make other long-term contracts required to carry out authorized municipal functions, such as contracts to purchase water from private water companies. The City is currently not a party to any such long-term service contracts.

Municipal electric departments have statutory power to enter into long-term contracts for joint ownership and operation of generating and transmission facilities and for the purchase or sale of capacity, including contracts requiring payments without regard to the operational status of the facility.

Pursuant to the Home Rule Amendment to the Massachusetts Constitution (see "Constitutional Status and Form of Government" below), cities and towns may also be empowered to make other contracts and leases.

The City has not entered into any substantial financing lease or installment purchase contracts, but does lease certain real estate for hospital and school purposes at an annual aggregate rental cost of approximately $727,986.

CITY OF CAMBRIDGE
GROSS AND NET DIRECT DEBT
(as of January 1, 1994) (1)

Type of Debt	Gross Debt	Funds Committed to Debt Redemption	Net Debt
Within General Limit...	$39,934,035	$ 4,185,815	$35,748,220
Outside General Limit:			
Schools	16,795,000	12,764,634 (2)	4,030,366
Sewer..................	870,000	0	870,000
Garage	420,000	0	420,000
Water..................	10,750,000	0	10,750,000
Totals...............	$68,769,035	$16,950,449	$51,818,586

(1) Includes current issue
(2) This figure represents the amount outstanding in reimbursements from the state for school construction projects as of June 30, 1993. Interest costs, as well as principal costs, are included in the reimbursements. These reimbursements are subject to annual appropriation by the State Legislature.

Source: City Department of Finance.

OVERLAPPING DEBT

Massachusetts Water Resources Authority

The Massachusetts Water Resources Authority (the "Authority"), established by the Massachusetts Water Resources Authority Act, Chapter 372 of the Acts of 1984 of the Commonwealth of Massachusetts, is a body politic and corporate and public instrumentality and an independent public authority of the Commonwealth. In 1985, the Authority assumed possession and control from the Metropolitan District Commission of a water distribution system and a sewer system which provide wholesale services to 61 cities and towns located primarily in eastern Massachusetts, including most of the metropolitan Boston area. In addition to its operating responsibilities, the Authority is responsible for rehabilitating and repairing the systems to bring them into compliance with applicable environmental laws. The MWRA's rates and charges are among the highest in the nation and significant rate increases will continue each year in response to continuing increases in the operating expenses of the systems, principally resulting from increases in debt service costs incurred in connection with the financing of the Capital Program. The largest share of major capital improvements to the system (the "Capital Program") is for projects relating to constructing and rehabilitating wastewater collection and treatment facilities in order to bring the sewer system's wastewater discharges into Boston Harbor into compliance with federal and state pollution control requirements. These projects are conducted in substantial part under court orders entered by the U.S. District Court in a continuing Clean Water Act enforcement proceeding filed against the Authority and the Commonwealth by the U.S. Environmental Protection Agency.

The MWRA is empowered by the Act to operate, maintain and improve the Systems, to utilize on an exclusive basis all such quantities of water as may be safely yielded from the MDC's watershed system, to establish and collect rates and charges for the services and commodities furnished or supplied by the Systems without supervision or regulation by any office, department, board or other agency of the Commonwealth or any of its political subdivisions and to issue its bonds and notes and pledge its revenues therefor to carry out its corporate purposes.

The aggregate principal amount of bonds and notes of the MWRA that may be issued and outstanding at any time is currently limited by the Act to $2.3 billion. The cost of the MWRA's capital program has been estimated by the MWRA at approximately $5.3 billion (1993 dollars) for total expenditures from December 28, 1991 until completion of the current capital program, and the MWRA expects to obtain increases in its debt limit in order to finance its capital program.

Massachusetts Bay Transportation Authority

The Massachusetts Bay Transportation Authority (the "MBTA") is presently authorized by law to issue bonds, for capital purposes other than refunding, to an amount not exceeding $3,178,300,000 outstanding at any time, provided, however, that any Bonds which mature or are redeemed on or after January 1, 1992 may not be reissued. ($196,870,000 of such Bonds have matured since January 1, 1992.) Such Bonds were outstanding as of January 1, 1994 in the amount of $1,721,310,000. Such Bonds are considered outstanding for debt limit purposes until actually paid at maturity or earlier redemption, regardless of whether or not they are considered Outstanding under the General Bond Resolution. The MBTA is also authorized to issue refunding Bonds. Such refunding Bonds are outstanding as of January 1, 1994 in the amount of $1,085,395,000.

In addition to the foregoing obligations of the MBTA, the MBTA is also responsible for the payment of obligations issued by the Boston Metropolitan District (hereinafter called the "BMD"). The BMD was created in 1929 to serve as a vehicle for the public financing required for transportation facilities in Boston and the thirteen other cities and towns comprising the inner core of the Metropolitan Area. The approximately $54,354,000 BMD obligations outstanding on January 1, 1994, while general obligations of the entire area comprising the District, are primarily secured by bonds of the Metropolitan Transit Authority ("MTA"), predecessor agency to the MBTA, issued to BMD, or by contractual obligations of the MBTA to BMD. When the MBTA was created in 1964 to succeed the MTA, all of the debts of MTA were assumed by the MBTA. Accordingly, the MBTA is now obligated to pay the BMD annual amounts sufficient to pay debt service on its debt obligations held by the BMD. The debt service on these obligations is taken into account in computing the MBTA's Net Cost of Service. All financing for new construction or improvements to the transportation facilities is done by the MBTA. The BMD will not issue debt other than periodic refunding issues which will be necessary from time to time in order to level out the maturities of its debt and to correlate its debt maturities with the MBTA's principal obligations to it. The Commonwealth pays approximately 90 percent of the debt service on MBTA bonds.

The following table sets forth the portion of overlapping debt assessed to the City (1):

CITY OF CAMBRIDGE
OVERLAPPING DEBT

	Outstanding	Authorized Unissued	Estimated City Share	Overlapping Debt
Middlesex County (2)	$ 2,265,000	$ 10,885,828	8.04%	$ 182,106
Massachusetts Water Resources Authority (3)				
Sewer.............	1,708,730,000	0	5.06	86,461,738
Water.............	197,177,000	0	0.00	0
Massachusetts Bay Transportation Authority (4)	2,015,405,000	1,260,120,000	4.89	98,553,304
Total.................				$185,197,148

(1) Excludes temporary loans in anticipation of revenue. Omits debt of the Commonwealth.

(2) Source: Treasurer, Middlesex County. Debt is as of February 15, 1994. Authorized debt includes debt authorized by the County Commissioner under general laws and debt permitted by special enabling acts whether or not yet voted by County Commissioners. County expenses including debt service on county bonds are assessed upon the cities and towns within the county in proportion to their taxable valuation as last equalized by the State Commissioner of Revenue. Amount shown here is based on most recent equalized valuations.

(3) Debt as of June 30, 1993.

(4) The amount shown as the City's share of the outstanding bonds includes that portion that is paid by the Commonwealth. Debt is as of January 1, 1994 and excludes bonds that have been refunded.

Source: City Department of Finance.

CITY OF CAMBRIDGE
KEY DEBT RATIOS
(as of January 1, 1994)

	Amount (1)	Per Capita (2)	Ratio to Assessed Valuation (3)	Debt Per Capita as % of Personal Income Per Capita (4)
Gross Direct Debt	$ 68,769,035	$ 718	1.0%	3.6%
Net Direct Debt..........	51,818,586	541	.8	2.7
Net Direct and Gross Overlapping Debt	237,015,734	2,474	3.5	12.5
Net Direct and Net Overlapping Debt (5)	148,318,030	1,548	2.2	7.8

(1) Includes current bond issue.
(2) Based on 1992 population of 95,802.
(3) Based on an estimated January 1, 1993 assessed value of $6,789,993,612.
(4) Based on 1989 estimated per capita personal income of $19,879 (Source: Massachusetts State Data Center).
(5) Reflects State payment on MBTA outstanding debt.

Source: City Department of Finance.

CITY OF CAMBRIDGE
FIVE-YEAR DEBT SUMMARY
OUTSTANDING GENERAL OBLIGATION DEBT
FISCAL YEARS 1989 TO 1993 (1)
($ in 000s)

	1989	1990	1991	1992	1993
Inside	$30,645	$37,900	$35,265	$38,260	$37,164
Outside:					
School	19,885	16,405	13,130	10,155	8,820
Urban Renewal/					
Sewer................	2,125	1,805	1,490	1,175	860
Garage	3,295	2,695	2,100	1,505	1,100
Water................	1,000	8,900	12,000	11,725	10,250
Sub Total	26,305	29,805	28,720	24,560	21,030
Total....................	$56,950	$67,705	$63,785	$62,820	$58,194

(1) Outstanding principal on general obligation bonds. Excludes temporary notes, lease and installment purchase obligations, overlapping debt, and unfunded pension liability.

Source: City Department of Finance.

CITY OF CAMBRIDGE
GENERAL OBLIGATION BONDS
SCHEDULE OF BOND PRINCIPAL AND INTEREST
PAYMENTS BY FISCAL YEAR
(As of January 1, 1994) (1)

Fiscal Year	Principal	Interest	Principal This Issue	Interest This Issue (2)	Total
1994	$ 7,986,082	$ 2,920,812	$ 0	$ 0	$10,906,894
1999	5,143,598	768,072	1,335,000	360,450	7,607,120
2000	3,972,890	459,511	1,335,000	300,375	6,067,776
2001	2,004,891	224,670	1,335,000	240,300	3,804,861
2002	1,309,586	117,104	1,335,000	180,225	2,941,915
2003	776,841	50,210	1,335,000	120,150	2,282,201
2004	403,243	0	1,335,000	60,075	1,395,075
	$55,419,035	$12,203,028	$13,350,000	$3,304,125	$84,276,188

(1) Excludes revenue anticipation notes, grant anticipation notes, bond anticipation notes, lease and installment purchase obligations, overlapping debt, and unfunded pension liability.
(2) Based on an estimated true interest cost of 4.5%.

Source: City Department of Finance.

RAPIDITY OF PRINCIPAL RETIREMENT
ALL GENERAL OBLIGATION BONDS

The following table shows the rate at which the City's principal amount of debt will be retired based on the amount outstanding on January 1, 1994 including these Bonds.

Maturing Within	Amount to be Retired	Cumulative % Principal Retired
5 years	$53,626,584	77.98%
10 years	68,769,035	100.00

Source: City Department of Finance.

CITY OF CAMBRIDGE
RATIO OF GROSS DIRECT DEBT TO
ASSESSED VALUE AND GROSS DIRECT DEBT
PER CAPITA
FISCAL YEARS 1990 TO 1994

Fiscal Year	Population (1)	Assessed Value (2)	Gross Direct Debt (3)	Ratio of Gross Direct Debt to Assessed Value	Gross Direct Debt Per Capita
1990	90,290	$8,528,769,144	$67,705,000	.8%	$706
1991	95,802	8,662,906,830	63,985,000	.7	668
1992	95,802	7,813,974,272	62,820,000	.8	656
1993	95,802	7,052,575,239	58,194,035	.8	607
1994	95,802	6,789,993,612	60,782,953(4)	.9	634

(1) Population estimates are from U.S. Department of Commerce, Bureau of Census, Current Population Reports, "Local Population Estimates."
(2) All of the assessed values shown reflect full market value.
(3) As of June 30 of that fiscal year.
(4) Includes current issue.

Source: City Department of Finance.

CITY OF CAMBRIDGE
RATIO OF ANNUAL DEBT SERVICE FOR GENERAL BONDED DEBT TO TOTAL EXPENDITURES
FISCAL YEARS 1990 TO 1994

Fiscal Year	Principal	Interest	Total Debt Service	Total Expenditures (1)	Ratio of Debt Service to Total Expenditures
1990	$ 9,245,000	$3,565,335	$12,810,335	$235,799,765	5.4%
1991	11,030,000	4,298,750	15,328,750	247,278,435	6.2
1992	10,845,000	3,955,775	14,800,775	263,984,610	5.6
1993	11,215,000	3,767,050	14,982,050	282,255,640	5.3
1994	10,761,082	3,155,653	13,916,735	291,417,725	4.8

(1) Includes all categories of the City's general governmental expenditures.

PUBLIC INVESTMENT PROGRAM

The City's Public Investment Program provides for improvements to the City's public facilities for the ensuing fiscal year and four years thereafter, along with a means of financing these improvements. The first year of the program constitutes the capital budget for the current fiscal year; the remaining four years serve as a planning guide. The plan is reviewed periodically and is completely revised each year during the City's annual budget process. The approved Public Investment Program is the result of a process that balances the need for public facilities against the fiscal capability of the City to provide for these needs.

Since fiscal year 1985 the City has formally funded a portion of its Public Investment Program on a "pay-as-we-go" basis out of current general fund revenues. However, in recognition of the City's more restrictive fiscal situation, the capital improvement program will continue to be funded at a reduced level of $755,000 in fiscal year 1994. The five year plan calls for a total of $4,755,000 in general fund revenues or free cash to be allocated to the Public Investment Fund.

The present plan, which was approved by the City Council on May 24, 1993, is a program of capital spending for the five-year period beginning July 1, 1993 and ending June 30, 1998. The projects in the plan, however, are considered for planning purposes and may be deleted, altered, or rescheduled in any manner, at any time, by the City Council. The estimated cost of the five-year program is $177,532,215. The uses by project categories and major funding sources for the total program as noted in the Public Investment Program are projected as follows:

PUBLIC INVESTMENT PROGRAM
SUMMARY OF EXPENDITURES BY CATEGORY
FISCAL YEARS 1994 TO 1998

Expenditure Category	1994	1995	1996	1997	1998	Total
General Government ...	$ 310,000	$ 615,000	$ 525,000	$ 25,000	$ 25,000	$ 1,500,000
Public Safety	405,000	1,210,000	980,000	1,600,000	11,380,000	15,575,000
Community Maintenance & Development(1)	10,751,385	7,640,095	45,520,095	5,500,095	5,520,095	74,931,765
Human Resource Development(2)	43,275,090	5,745,090	5,695,090	5,200,090	5,570,090	65,485,450
Education(3)	9,890,000	1,340,000	4,310,000	2,300,000	2,200,000	20,040,000
Total	$64,631,475	$16,550,185	$57,030,185	$14,625,185	$24,695,185	$177,532,215

(1) Includes $40,000,000 for rehabilitation and/or construction of a water treatment plant.
(2) Includes $40,000,000 for construction of a new ambulatory care center.
(3) Includes $9,800,000 for construction of a new school.
Source: "Public Investment Plan, Fiscal Year 1994 to Fiscal Year 1998."
Annual Budget Fiscal Year 1994, as adopted.

PUBLIC INVESTMENT PROGRAM
USES AND SOURCES OF FUNDS
FISCAL YEARS 1994 TO 1998

Uses	Total Amount	Percent of Total
General Government	$ 1,500,000	.84%
Public Safety	15,575,000	8.77
Community Maintenance and Development		
Economic Development	8,713,325	4.91
Streets & Highways & Transportation	8,535,150	4.81
Water & Sewer	50,551,290	28.47
Other	7,132,000	4.02
Human Resource Development	65,485,450	36.89
Education	20,040,000	11.29
Total	$177,532,215	100.00%

Sources	Total Amount	Percent of Total
General Fund (Current Revenues)	$ 4,755,000	2.68%
Block Grant	9,190,775	5.18
Parking Fund	2,000,000	1.13
Utility Fees	9,791,290	5.52
State Grant	5,785,150	3.26
Federal Grant	5,000,000	2.82
Patient Receipts/Hospital	24,080,000	13.56
Bond Proceeds	96,930,000	54.60
Retained Earnings/Hospital Fund	20,000,000	11.25
Total	$177,532,215	100.00%

Source: "Public Investment Plan, Fiscal Year 1994 to Fiscal Year 1998." Annual Budget Fiscal Year 1994, as adopted.

PUBLIC INVESTMENT PROGRAM
SOURCES OF FINANCING
FISCAL YEARS 1994 TO 1998

Financing Category	1994	1995	1996	1997	1998	Total
General Government:						
Bond Proceeds	$ 0	$ 500,000	$ 500,000	$ 0	$ 0	$ 1,000,000
Utility Fees	300,000	115,000	25,000	25,000	25,000	490,000
General Fund Revenues	10,000	0	0	0	0	10,000
Subtotal	$ 310,000	$ 615,000	$ 525,000	$ 25,000	$ 25,000	$ 1,500,000
Public Safety:						
Bond Proceeds	$ 0	$ 850,000	$ 800,000	$ 1,430,000	$11,200,000	$ 14,280,000
General Fund Revenues	405,000	360,000	180,000	170,000	180,000	1,295,000
Subtotal	$ 405,000	$ 1,210,000	$ 980,000	$ 1,600,000	$11,380,000	$ 15,575,000
Community Maintenance & Development:						
Bond Proceeds	$ 100,000	$ 2,100,000	$40,100,000	$ 100,000	$ 100,000	$ 42,500,000
Utility Fees	2,101,290	1,850,000	1,750,000	1,850,000	1,750,000	9,301,290
General Fund Revenues	250,000	390,000	370,000	250,000	370,000	1,630,000
Parking Fund	400,000	400,000	400,000	400,000	400,000	2,000,000
Block Grant	1,743,065	1,743,065	1,743,065	1,743,065	1,743,065	8,715,325
Federal Grant	5,000,000	0	0	0	0	5,000,000
State Grant	1,157,030	1,157,030	1,157,030	1,157,030	1,157,030	5,785,150
Subtotal	$10,751,385	$ 7,640,095	$45,520,095	$ 5,500,095	$ 5,520,095	$ 74,931,765
Human Resource Development:						
Bond Proceeds	$20,000,000	$ 0	$ 0	$ 0	$ 0	$ 20,000,000
General Fund Revenues	0	50,000	250,000	380,000	250,000	930,000
Block Grant	95,090	95,090	95,090	95,090	95,090	475,450
Retained Earnings	20,000,000	0	0	0	0	20,000,000
Patient Receipts	3,180,000	5,600,000	5,350,000	4,725,000	5,225,000	24,080,000
Subtotal	$43,275,090	$ 5,745,090	$ 5,695,090	$ 5,200,090	$ 5,570,090	$ 65,485,450
Education:						
Bond Proceeds	$ 9,800,000	$ 1,140,000	$ 4,110,000	$ 2,100,000	$ 2,000,000	$ 19,150,000
General Fund Revenues	90,000	200,000	200,000	200,000	200,000	890,000
Subtotal	$ 9,890,000	$ 1,340,000	$ 4,310,000	$ 2,300,000	$ 2,200,000	$ 20,040,000
Grand Total	$64,631,475	$16,550,185	$57,030,185	$14,625,185	$24,695,185	$177,532,215

Source: "Public Investment Plan, Fiscal Year 1994 to Fiscal Year 1998." Annual Budget Fiscal Year 1994, as adopted.

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PART V: CITY FINANCIAL INFORMATION

BASIS OF ACCOUNTING AND REPORTING STRUCTURE

All of the City's Governmental Funds and Expendable Trust Funds are reported under the modified accrual basis of accounting. Accordingly, revenues are recorded when susceptible to accrual, i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The City recognizes funds received 60 days after the close of its fiscal year as revenue of that reporting period. All other amounts not received during that period are deferred and recognized in future accounting periods. Expenditures, other than interest on long-term debt, are recorded when the liability is incurred.

In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are however, essentially two types of these revenues. In one, moneys must be expended on the specific purpose or project before any amounts will be reimbursed to the City; therefore, revenues are recognized based upon the expenditures recorded. In the other, moneys are virtually unrestricted as to purpose of expenditure 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 is met.

The accrual basis of accounting is followed by proprietary and fiduciary fund types.

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

Reporting Entity

The combined financial statements present information on organizations and activities of the City of Cambridge for which the City Council has oversight responsibility. These entities include the enterprise activity of the Cambridge Hospital, its affiliated Neighborhood Health Centers, the City's Water Department, and the Cambridge Retirement System. The financial statements for the Retirement System are presented for the year ending December 31, 1992, which is the system's fiscal period for reporting to the Commissioner of the Retirement of the Commonwealth of Massachusetts. The operations of the Cambridge Housing Authority and the Cambridge Redevelopment Authority are not defined as part of the reporting entities as they are not subject to the financial controls of the City Manager or the City Council.

Fund Accounting

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

Governmental Funds

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.

Public Investments 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 Funds

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

Internal Service Funds—These funds are used to account for the financing of services provided by one department or agency to other departments or agencies of the City, or to other governmental units, on a cost-reimbursement basis.

Fiduciary Funds

Trust and Agency Funds—These funds are used to account for assets being held by the City in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. Expendable trust and agency funds are accounted for and reported as governmental funds.

Account Group

General Long-Term Debt—This group of accounts is used to account for all long-term debt of the City except for debt issued for hospital improvements.

BUDGET AND APPROPRIATION PROCESS

Under Massachusetts statutes and the City Charter, the City Manager is required to submit a budget of proposed expenditures for the fiscal year beginning on the next July 1 within 120 days (extended to 170 days by special legislation in most recent years) after the annual organization of the city government (which is ordinarily in early January). The City Council may make appropriations for the recommended purposes and may reduce or reject any item. Without a recommendation of the City Manager, the Council may not make any appropriation for a purpose not included in the proposed budget (except by a two-thirds vote in the case of the failure of the City Manager to recommend an appropriation for such a purpose within 7 days after a request from the Council). The Council may not increase any item without the recommendation of the City Manager (except as provided by legislation, subject to local acceptance, under which the school budget can be increased upon recommendation of the school committee and by two-thirds vote of the Council, provided that such increase does not cause the total annual budget to exceed the property tax limitations). If the City Council fails to act on any item of the proposed budget within 45 days, that item takes effect.

If the City Manager does not make a timely budget submission, provision is made for preparation of a budget by the Council. Provision is also made for supplementary appropriations upon recommendation of the City Manager.

Water Department expenditures are included in the budgets adopted by the City Council. Under legislation enacted in 1981 any city or town which accepts the legislation may provide that the appropriation for the operating costs of any department may be offset, in whole or in part, by estimated receipts from fees charged for services provided by the department.

As a result of the Proposition 2½ legislation adopted in November of 1980, the Cambridge School Committee is no longer autonomous with respect to school expenditures for current purposes. The school budget is limited to the total amount appropriated by the City Council, but the School Committee retains full power to allocate the funds appropriated.

City Department heads are generally required to submit their budget requests to the City Manager between November 1 and December 1. This schedule does not apply to the School Department, which must submit its request in time for the City Manager to include them in his submission to the Council.

State and county assessments, abatements in excess of overlays, principal and interest not otherwise provided for, and final judgements are included in the tax levy whether or not included in the budget. Revenues are not required to be set forth in the budget but estimated non-tax revenues are taken into account by the assessors in fixing the tax levy.

Budget Comparison

The following table shows a comparison of the budgeted operating revenues and expenditures of the City for fiscal years 1990 through 1994. Health insurance, retirement, and certain other employee benefit costs are included in departmental budgets. In addition, debt service for the Public Schools and Cambridge Hospital are included in the School and Hospital budgets. The fiscal year 1994 budget of $291, 417,725 represents an increase of $8,683,155, or 3.1%, over the fiscal year 1993 budget of $282,734,570. This percentage increase is down significantly from the previous year's increase of 6.9% and is relatively stable throughout all departments of the City. The property tax level increased from $133.6 million in fiscal year 1993 to $139.4 million in fiscal year 1994. It should be noted that, in addition to the figures shown on the following page, $14.7 million has been appropriated to the fiscal year 1994 Public Investment Fund for a wide range of capital improvement projects.

CITY OF CAMBRIDGE
BUDGETED REVENUES AND EXPENDITURES
FISCAL YEARS 1990 THROUGH 1994
($ in 000s)

	1990	1991	1992	1993	1994
Revenues:					
Real & Personal Property Taxes(1)	$108,128.0	$115,998.4	$127,574.5	$133,329.0	$139,414.0
Local Estimated Receipts:					
Motor Vehicle Excise	2,600.0	2,600.0	2,400.0	2,461.7	2,451.0
Water	4,751.3	5,856.7	6,944.6	7,189.7	7,526.6
Sewer	9,388.9	9,685.0	11,675.9	16,242.1	16,016.1
Hospital, Health & Infirmary	44,261.3	48,091.9	56,133.6	63,632.3	64,306.3
Interest Income	1,510.0	2,010.0	2,450.0	1,987.0	875.0
Other Local Receipts	11,131.8	12,882.5	14,672.9	17,019.6	18,982.9
Subtotal	73,643.3	81,126.1	94,277.0	108,532.4	110,157.9
State Aid	44,153.3	40,283.7	34,772.6	31,298.1	34,349.2
Other Available Funds	12,075.2	12,070.2	10,460.5	15,536.1	16,465.5
Total Revenues	$237,999.8	$249,478.4	$267,084.6	$288.695.6	300,386.6
Expenditures:					
Deficits to be Raised:					
Overlay	$ 200.0	$ 200.0	$ 100.0	$ 2,000.0	$ 3,878.9
Revenue	0	0	0	0	0
Overdrawn Expenditures	0	0	0	0	0
Other	0	0	0	940.0	840.0
Subtotal Deficits	200.0	200.0	100.0	2,940.0	4,718.9
Overlay Reserve	2,000.0	2,000.0	3,000.0	3,500.0	4,250.0
Fixed Expenses:					
State & County Assessments	193.6	649.4	745.8	759.7	758.1
Mass. Water Resources Authority	7,192.6	7,426.3	9,483.3	14,105.3	14,465.7
Debt Service(2)	6,969.4	7,765.8	8,277.3	8,876.8	8,556.8
Retirement System(3)	5,768.2	6,052.3	6,438.6	6,057.4	7,348.8
MBTA	5,646.0	5,689.5	5,801.7	5,992.6	6,098.2
Other Fixed Costs(4)	877.6	872.5	1,571.1	1,198.1	942.9
Subtotal Fixed	$ 26,647.4	$ 28,455.8	$ 32,317.8	$ 36,989.9	38,170.5
Variable Expense (Budget):					
Schools	65,189.4	68,773.5	71,534.8	74,312.3	78,541.8
Police	18,279.1	19,292.2	19,349.1	19,840.6	20,009.3
Fire	16,685.8	17,141.3	18,179.9	18,966.1	20,190.3
Public Works:					
Water	3,886.2	4,122.0	4,655.2	4,850.8	4,756.8
Sewer	914.4	1,023.8	1,039.7	1,031.0	990.8
Highway	2,649.4	2,466.0	2,400.3	2,540.8	2,122.8
Other	12,761.7	13,315.0	14,643.4	12,342.9	12,225.6
Hospital, Health & Infirmary	57,460.1	60,678.9	67,518.3	76,512.9	77,503.3
General Government	8,926.6	9,816.2	10,120.8	11,270.5	10,350.2
Other Variable	22,396.7	22,193.7	22,225.3	23,597.8	26,556.3
Subtotal Variable	$209,152.4	$218,822.6	$231,666.8	$245,265.7	$253,247.2
Total Expenditures	$237,999.8	$249,478.4	$267,084.6	$288,695.6	$300,386.6

(1) Before tax abatements.
(2) School and Hospital costs for this category are included in the School and Hospital Budgets.
(3) Contributory Retirement System costs are included in departmental budgets.
(4) Most of the components of the Other Fixed Costs, including health insurance costs, category are included in the departmental budgets.
Source: City Department of Finance.

Tax Rate and Valuation–General

Property is classified for the purpose of taxation according to its use. The Legislature has in substance created three classes of taxable property: (1) residential real property; (2) open space land; and (3) all other (commercial, industrial, and personal property). Within limits, cities and towns are given the option of determining the share of the annual levy to be borne by each of the three categories. The share to be borne by residential real property must be at least 50 percent of its share of the total taxable valuation. The effective rate for open space must be at least 75 percent of the effective rate for residential real property. The share of commercial, industrial, and personal property must not exceed 175 percent of their share of the total valuation. A city or town may also exempt up to 20 percent of the valuation of residential real property (where used as the taxpayer's principal residence). Property may not be classified in a city or town until the State Commissioner of Revenue certifies that all property in the city or town has been assessed at its fair cash value. Such certification must take place every three years.

Related statutes provide that certain forest land, agricultural or horticultural land (assessed at the value it has for these purposes) and recreational land (assessed on the basis of its use at a maximum of 25 percent of its fair cash value) are all to be taxed at the rate applicable to commercial property. Land classified as forest land under an act adopted by the State Legislature in 1981 is valued for this purpose at five percent of fair cash value, but not less than ten dollars per acre. Land classified as forest land valued at not more than ten dollars per acre.

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 redetermination of the fair cash value of the taxable property in each municipality. This is known as the "equalized value." The last date that the Commissioner of Revenue made his redetermination of "equalized value" for the City of Cambridge was January 1, 1992.

The following tables show assessed and equalized valuations for the past five fiscal years and total assessed valuation by property classification for the fiscal years 1992, 1993, and 1994.

CITY OF CAMBRIDGE
ASSESSED AND EQUALIZED VALUATIONS
FISCAL YEARS 1990 TO 1994

Fiscal Year	Assessed Value(1) Real Property	Personal Property	Total	Equalized Valuation(2)	% of Total Assessed Valuation to Equalized
1994	$6,576,193,610	$213,800,000	$6,789,993,612	$7,984,791,000	85.0%
1993	6,851,975,239	200,600,000	7,052,575,239	7,984,791,000	88.3
1992	7,621,874,272	192,100,000	7,813,974,272	8,777,325,000	89.0
1991	8,482,806,830	180,100,000	8,662,906,830	8,777,325,000	98.7
1990	8,360,269,144	168,500,000	8,528,769,144	7,154,077,000	119.2

(1) As of January 1, 1993, 1992, 1991, 1990, and 1989, respectively.
(2) As of January 1, 1992, 1990, and 1988, respectively. Equalized valuations are determined biennially by the Commissioner of Revenue.

Source: City Department of Finance.

CITY OF CAMBRIDGE
TOTAL ASSESSED VALUATION BY CLASSIFICATION
FISCAL YEARS 1992, 1993, AND 1994

Class	1992 Assessed Valuation	Percentage of Total Valuation	Percentage of Total Tax Levy
Residential	$4,154,807,343	53.2%	34.6%
Commercial	2,850,348,329	36.5	51.0
Industrial	616,718,600	7.9	11.0
Personal Property	192,100,000	2.4	3.4
	$7,813,974,272	100.0%	100.0%

Class	1993 Assessed Valuation	Percentage of Total Valuation	Percentage of Total Tax Levy
Residential	$3,974,554,295	56.36%	34.56%
Commercial	2,367,689,110	33.57	50.34
Industrial	509,741,834	7.23	10.84
Personal Property	200,600,000	2.84	4.26
	$7,052,575,239	100.0%	100.0%

Class	1994 Assessed Valuation	Percentage of Total Valuation	Percentage of Total Tax Levy
Residential	$4,006,668,343	59.01%	34.56%
Commercial	2,115,765,215	31.16	49.75
Industrial	453,760,054	6.68	10.67
Personal Property	213,800,000	3.15	5.02
	$6,789,993,612	100.0%	100.0%

Source: City Department of Finance.

The following table shows the actual tax rates per $1,000 of assessed valuation and the estimated full value rate based on the equalized valuations for the latest fiscal years:

CITY OF CAMBRIDGE
PROPERTY TAX RATE
FISCAL YEARS 1990 to 1994

Fiscal Year	Actual Tax Rate	Category	Estimated Full Value Tax Rate(1)	Average Rate(2)
1994	$13.79	Residential	$17.46	$20.53
	32.78	Commercial/ Industrial		
1993	13.3	Residential	16.73	18.94
	28.40	Commercial/ Industrial		
1992	12.21	Residential	14.59	16.39
	22.90	Commercial/ Industrial		
1991	10.13	Residential	13.44	13.62
	19.15	Commercial/ Industrial		
1990	9.51	Residential	15.31	12.84
	18.16	Commercial/ Industrial		

(1) Based on an equalized valuation for that fiscal year as determined by the State Department of Revenue.
(2) The average rate is determined by dividing the total tax levy by the total assessed valuation.

Source: City Department of Finance.

The following table sets forth the City's 10 largest taxpayers of real estate and personal property taxes and the assessed value of property owned by each such taxpayer. The aggregate assessed value of the 10 largest taxpayers represents 16.6 percent of the City's total assessable base for fiscal year 1994.

CITY OF CAMBRIDGE
10 LARGEST TAXPAYERS
Fiscal Year 1994 (1)

Owner	Nature of Business	Assessed Valuation	Amount of Taxes	% of Total Tax Levy
Commonwealth Energy	Utility	$ 203,811,682	$ 6,677,379	4.8%
Boston Properties	Commercial	184,436,000	6,045,812	4.3
M.I.T.	Educational	139,844,942	4,136,384	3.0
Asahi Seimei Prudential Associates	Commercial	101,406,700	3,324,112	2.4
Robert Jones and K. George Najarian	Commercial	101,140,402	3,315,382	2.4
Cambridge Side Galleria New England Development	Commercial	87,244,699	2,830,637	2.0
Presidents and Fellows of Harvard College	Educational	115,726,754	2,541,919	1.8
Spaulding & Slye Corp.	Commercial	73,783,503	2,418,623	1.7
E.M.I. Cambridge Limited Partnership	Commercial	61,164,700	2,004,979	1.4
The Congress Group	Commercial	59,603,400	1,846,723	1.3
Totals		$1,128,162,782	$35,141,950	25.1%

(1) As of January 1, 1993.

Source: City Department of Finance.

TAX LEVIES

Levy–General

The principal tax of Massachusetts cities and towns is the tax on real and personal property. The amount to be levied in each year is the amount appropriated or required by law to be raised for municipal expenditures less estimated receipts from other sources and less appropriations voted from funds on hand. The total amount levied is subject to certain limits prescribed by law; for a description of those limits see *Tax Limitations* below. As to the inclusion of debt service and final judgements, see "Security and Remedies" above.

The estimated receipts for a fiscal year from sources other than the property tax may not exceed the actual receipts during the preceding fiscal year from the same sources unless approved by the State Commissioner of Revenue. Excepting special funds, the use of which is otherwise provided for by law, the deduction for appropriations voted from funds on hand for a fiscal year cannot exceed the "free cash" as of the beginning of the prior fiscal year as certified by the State Director of Accounts plus up to nine months' collections and receipts on account of earlier years' taxes after that date. Subject to certain adjustments, free cash is surplus revenue less uncollected overdue property taxes from earlier years.

Although an allowance is made in the tax levy for abatements (see *Abatements and Overlay* below) no reserve is generally provided for uncollectible real property taxes. Since some of the levy is inevitably not collected, this creates a cash deficiency which may or may not be offset by other items (see *Taxation to Meet Deficits* below).

Taxation to Meet Deficits

As noted elsewhere (see *Abatements and Overlay* below), overlay deficits, i.e. tax abatements in excess of the overlay included in the tax levy to cover abatements, are required to be added to the next tax levy. It is generally understood that revenue deficits resulting from non-property tax revenues being less than anticipated are also required to be added to the tax levy (at least to the extent not covered by surplus revenue).

Amounts lawfully expended since the prior tax levy and not included therein are also required to be included in the annual tax levy. The circumstances under which this can arise are limited since municipal departments are generally prohibited from incurring liabilities in excess of appropriations except for major disasters, mandated items, contracts in aid of housing and renewal projects and other long-term contracts. In addition, utilities must be paid at established rates and certain established salaries, e.g. civil service, must legally be paid for work actually performed, whether or not covered by appropriations.

In the opinion of Bond Counsel, cities and towns are authorized to appropriate sums, and thus to levy taxes, to cover deficits arising from other causes, such as "free cash" deficits arising from a failure to collect taxes. This is not generally understood, however, and it has not been the practice to levy taxes to cover free cash deficits. Except to the extent that such deficits have been reduced or eliminated by subsequent collections of uncollected taxes (including sales of tax titles and tax possessions), lapsed appropriations, non-property tax revenues in excess of estimates, other miscellaneous items or funding loans authorized by special act, they remain in existence.

Tax Limitations

Chapter 580 of the Acts of 1980, which was proposed by an initiative petition known as "Proposition 2½", was adopted at the November 4, 1980 general election and took effect on December 4, 1980. The law is subject to amendment or repeal by the State Legislature. The Legislation, as subsequently amended, imposes two separate limits on the annual tax levy of a city or town.

The primary limitation is that the tax levy cannot exceed 2½ percent of the full and fair cash value. If a city or town exceeds the primary limitation, it must reduce its tax levy by at least 15 percent annually until it is in compliance, provided that the reduction can be reduced in any year to not less than 7½ percent by majority vote of the voters, or to less than 7½ percent by two-thirds vote of the voters.

For cities and towns at or below the primary limit, a secondary limitation is that the tax levy cannot exceed the maximum levy limit for the preceding fiscal year as determined by the State Commissioner of Revenue by more than 2½ percent (subject to exceptions for property added to the tax rolls, or property which has had an increase, other than as part of a general revaluation, in its assessed valuation over the prior year's valuation). This "growth" limit on the tax levy may be exceeded in any year by a majority vote of the voters. But an increase in the secondary or growth limit under this procedure does not permit a tax levy in excess of the primary limitations, since the two limitations apply independently.

The applicable tax limits may also be reduced in any year by a majority vote of the voters.

The State Commissioner of Revenue may adjust any tax limit "to counterbalance the effect of extraordinary, non-recurring events which occurred during the base year."

The statute further provides that the voters may exclude from the taxes subject to the tax limits and from the calculation of the maximum tax levy: (a) the amount required to pay debt service on bonds and notes issued before November 4, 1980, if the exclusion is approved by a majority vote of the voters, and (b) the amount required to pay debt service on any specific subsequent issue for which similar approval is obtained. Even with voter approval, the holders of the obligations for which unlimited taxes may be assessed do not have a statutory priority or security interest in the portion of the tax levy attributed to such obligations. Voters may also exclude from the Proposition 2½ limits the amount required to pay specified capital outlay expenditures. In addition, the city council may vote to exclude from Proposition 2½ limits taxes raised in lieu of sewer or water charges to pay debt service on bonds or notes issued by the municipality (or an independent authority, commission or district) for water or sewer purposes, provided that the municipality's sewer or water are reduced accordingly.

In addition, the statute limits the annual increase in the total assessments on cities and towns by any county, district, authority, the Commonwealth or any other governmental entity (except a regional school district and the Massachusetts Water Resources Authority) to the sum of (a) 2½ percent of the prior year's assessments and (b) "any increases in costs, charges or fees for services customarily provided locally or for services subscribed to at local option." Under the statute any State law to take effect on or after January 1, 1981 imposing a direct service or cost obligation on a city or town will become effective only if accepted or voluntarily funded by the city or town or if State funding is provided. State rules or regulations imposing additional costs on a city or town or laws granting or increasing local tax exemptions are to take effect only if adequate State appropriations are provided. These statutory provisions do not apply to costs resulting from judicial decisions.

Initiative Petitions

Various proposals have been made in recent years for legislative amendments to the Massachusetts Constitution to impose limits on state and local taxes. To be adopted such amendments must be approved by two successive legislatures and then by the voters at a state election.

Tax Limitations: Effect on the City 1982-1994

In the twelve fiscal years since the implementation of Proposition 2½, the City has reduced its property tax levy only once, in fiscal year 1982. In fiscal year 1983, a referendum to override the required reductions was passed which allowed the City to maintain its levy at the fiscal year 1982 level. The revaluation of all real and personal property at a fiscal year 1984 level of $2.9 billion enabled the City to increase its levy by 2½ percent (the actual increase, including allowable new construction, was 2.43 percent) while remaining within the primary levy limit. Although large amounts of qualifying new construction enabled the levy limit to grow substantially in the following two fiscal years, actual levy increases in fiscal years 1985 and 1986 were limited to 3.9 percent and 2.7 percent respectively.

In the ensuing years, the gap between the actual property tax levy and the levy limit grew substantially to a peak of $12.9 million in FY89. The gap has decreased each year since fiscal year 1989 due primarily to a significant decline in new construction in comparison to the previous five years. The gap between the levy limit and the actual tax levy has decreased from its peak of $12.9 million in fiscal year 1989 to a level of $.2 million in fiscal year 1994. During that period, the levy limit increased to $139.6 million while the actual levy increased to $139.4 million.

Tax Limitations Effect on the City: Five-Year Projections

Fiscal year 1994 valuations, as a result of the trending of property values based on recent sales, were certified at $6.790 billion, a decrease of $263 million from fiscal year 1993 values. Even though existing properties decreased in value by $308 million, new construction added $44 million ($11 million commercial, $13 million residential, and $20 million personal). The $6.790 billion in property valuations allowed the City to levy $139.6 million in property taxes, an increase of $4.4 million from the fiscal year 1993 of $135.2 million. It is anticipated that, even though assessments are projected to decrease again in fiscal year 1995, the levy limit will rise to approximately $144.2 million. This is due to the allowable 2½% increase from the fiscal year and qualifying new construction.

As shown on the chart on the following page, property values are expected to decrease slightly over the next few fiscal years due to a soft real estate market in the Northeast.

CITY OF CAMBRIDGE
PROJECTED GROWTH IN PROPERTY VALUATION
FISCAL YEARS 1994 TO 1998

Fiscal Year	Projected Assessments	Projected Levy	Primary Levy Limit	Secondary Levy Limit
1994	$6,789,993,612	$139,414,020	$169,749,840	$139,599,494
1995	6,778,603,107	142,987,000	169,465,078	144,210,000
1996	6,737,673,728	147,504,000	168,441,843	149,335,000
1997	6,707,461,270	154,733,000	167,686,532	155,013,000
1998	6,687,754,411	159,657,000	167,193,860	161,290,000

(1) The figures shown for 1994 are actuals while future year figures are estimates.
(2) The primary levy limit is calculated at 2.5 percent of the projected assessment.
(3) The secondary levy limit is the previous fiscal year's maximum allowable limit times 102.5 percent plus qualified new construction.

Source: City Department of Finance.

Tax Limitations: Other Effects

In the early years of Proposition 2½, motor vehicle excise tax receipts were reduced substantially due to a change in the rate of this tax from $66 per $1000 to $25 per $1000. Revenues from this source decreased from $2,728,032 in fiscal year 1980 (the last full fiscal year assessed at the $66 rate) to a low point of $1,240,996 in fiscal year 1983 (the first fiscal year in which most receipts were at the lower rate). From fiscal years 1983 through 1988, the City recorded gradual increases in receipts due primarily to the increased value of automobiles combined with the installation of an automated "in-house" excise tax billing system. After slight declines in the four ensuing fiscal years due to the regional economic recession, receipts from this revenue source reached a record high of $3,353,825 due to increased automobile sales, modest economic recovery, and a new excise tax tracking system. Fiscal year 1994 budgeted projections conservatively estimate receipts of $2,461,000.

In order to partially offset the reduction in local tax revenues caused by Proposition 2½, the Massachusetts Legislature appropriated increasing amounts for local aid from fiscal years 1982 through 1989. The City benefited considerably from this increase with its share of state aid increasing from $14,887,966 in fiscal 1981 to a peak of $44,614,410 in fiscal year 1988. Due to the fiscal constraints of the Commonwealth in the past four fiscal years, state aid gradually declined to a level of $31,513,000 in fiscal year 1993. The City has compensated for this decrease by increasing other revenue sources to ensure that services are not reduced. The fiscal year 1994 budget includes relatively level state aid funding of $32,848,613, including an increase of $770,235 in the school construction category. Increases in the City's annual assessment by the Massachusetts Water Resources Authority (MWRA), established in January of 1985 to succeed the water and sewer operation of the Metropolitan District Commission, are financed by increases in the sewer service charge. The fiscal year 1994 MWRA sewer assessment, which increased from $12,054,777 to $12,482,632, is fully covered through the sewer service charge. The City maintains its own water system so that the MWRA water assessment is minimal.

The Revaluation Process: A Review and Update

Massachusetts state law requires that real and personal property assessments be maintained at 100% of full market value. Every three years, values must be certified by the Massachusetts Department of Revenue as meeting this standard. In 1983, the first complete revaluation of real and personal property in over sixty years was completed and certified at $2.9 billion for fiscal year 1984. Values were updated, based on sales ratio analysis, for fiscal years 1985 and 1986. For fiscal year 1987, all real and personal property was again revalued and certified by the Department of Revenue. The total assessed value certified for fiscal year 1987 was $5.975 billion. Values were updated for fiscal years 1988 and 1989 similarly to fiscal years 1985 and 1986. Fiscal year 1990 was a "full revaluation" year for the City of Cambridge, meaning that, again, property assessments were certified by the State Department of Revenue at a total value of $8.528 billion. For fiscal years 1991 and 1992, a process similar to that of the previous intervening years between full revaluations yielded property tax assessments of $8.662 billion and $7.814 billion respectively.

A full revaluation for fiscal year 1993 yielded valuations $7,052,575,329 with updated values for fiscal year 1994 showing $6,789,933,612.

The City has several general policies with respect to property assessments. First, values should be maintained at approximately 100 percent. Thus, Cambridge is among very few jurisdictions in the state which adjust values annually and thereby avoid the disrupting shifts in value (and taxes) which might otherwise occur every third year, when values must be certified by the state.

Secondly, the City's valuation program is almost exclusively an "in-house" operation. Assessing Department personnel include appraisal and analysis professionals as well as permanent, full time staff members dedicated to data collection and maintenance. Also, the Department has full service data management, analysis and valuation software systems on its computer. All residential and commercial real estate valuations, with the exception of some hotels, hospitals, and nursing homes, are currently handled by Assessing Department permanent staff.

The following table shows the calculations of the tax levies for the most recent fiscal years.

CITY OF CAMBRIDGE
CALCULATION OF PROPERTY TAX LEVIES
FISCAL YEARS 1990 TO 1994
($ in 000s)

	1990	1991	1992	1993	1994
Gross Amount to be Raised:					
Total Appropriations	$229,634	$240,966	$258,234	$275,503	$284,562
Overlay Deficits from Prior Years	0	259	387	2,000	3,879
Other Local Expenditures	960	941	860	940	840
State and County Assessments	6,298	6,468	6,643	6,752	6,856
Overlay for Current Year	2,883	2,995	3,500	3,500	4,250
Total to be Raised	$239,775	$251,429	$269,624	$288,695	300,387
Offsets:					
Estimated Receipts from State	41,284	39,477	32,135	31,298	34,337
Prior Year's Overestimates of State & County Assessments	45	1	1	1	12
Local Estimated Receipts	77,416	82,969	96,388	108,532	110,158
Other Available Funds	11,519	10,986	13,050	15,535	16,466
Total Offsets	$130,264	$133,433	$141,574	$153,739	$160,973
Tax Levy	$109,511	$117,996	$128,050	$133,329	$139,414

Source: City Department of Finance.

TAX COLLECTIONS AND ABATEMENTS

Payment Dates

The taxes for each fiscal year are due in two installments on November 1 subject to deferral if tax bills are sent out late and May 1. (A city or town may accept a statute providing for quarterly tax payments. The City has chosen not to accept this statute.) Interest accrues on delinquent taxes at the rate of 14 percent per annum retroactive to one month before the due date.

Lien

Real property (land and buildings) is subject to a lien for the taxes assessed upon it, (subject to any paramount federal lien and subject to bankruptcy and insolvency laws). (In addition, real property is subject to a lien for certain unpaid municipal charges or fees.) If the property has been transferred, an unenforced lien expires on the third October 1 after the fiscal year. If the property has not been transferred by the third October 1, an unenforced lien expires upon a later transfer of the property. Provision is made, however, for continuation of the lien when it could not be enforced because of a legal impediment.

Personal Liability

The persons against whom real and personal property taxes are assessed are personally liable for the tax (subject to bankruptcy and insolvency laws). In the case of real property, this personal liability is effectively extinguished by sale or taking of the property as described in *Taking and Sale* below.

Abatements and Overlay

The City of Cambridge is authorized to increase each tax levy by up to five percent (or a larger amount approved by the State Commissioner of Revenue) as an "overlay" to provide for tax abatements. If abatements are granted in excess of the applicable overlay, the excess is required to be added to the next tax levy.

Abatements are granted where exempt real or personal property has been assessed or where taxable real and personal property has been overvalued or disproportionately valued. The City Assessor may also abate uncollectible personal property taxes. The Assessor may abate real and personal property taxes on broad grounds (including inability to pay) with the approval of the State Commissioner of Revenue. But uncollected real property taxes are ordinarily not written off until they become municipal "tax titles" by purchase at the public sale or by taking, at which time the tax is written off in full by reserving the amount of the tax and charging surplus.

The following table shows the total tax levy, the reserve for abatements, the net levy, and the amounts collected during each fiscal year for each of the last five fiscal years:

CITY OF CAMBRIDGE
TOTAL TAX LEVY, OVERLAY RESERVE, AND TAX COLLECTIONS
FISCAL YEARS 1989 TO 1993

				Collections During Fiscal Year Payable (2)		Collections as of 6/30/93 (3)	
Fiscal Year	Tax Levy	Overlay Reserve for Abatements	Net Tax Levy(1)	Amount	% of Net Levy	Amount	% of Net Levy
1993	$133,580,000	$3,500,000	$130,080,000	$123,754,263	95.1%	$123,754,263	95.1%
1992	128,050,000	3,500,000	124,550,000	117,575,578	94.4	116,790,363	93.8
1991	117,995,525	2,995,525	115,000,000	109,346,157	95.1	107,296,106	93.3
1990	109,510,683	2,882,761	106,627,922	100,810,391	94.5	101,211,748	94.9
1989	94,490,784	1,990,784	92,500,000	89,210,379	96.4	90,788,238	98.1

(1) Tax levy less overlay reserve for abatements.
(2) Actual collection of levy less refunds and amounts refundable including proceeds of tax titles and tax possessions but not including abatements or other credits.
(3) Audited for fiscal years 1989 through 1993.

Source: City Department of Finance.

CITY OF CAMBRIDGE
OVERLAY RESERVES AND ABATEMENTS
FISCAL YEARS 1989 TO 1993

Fiscal Year	Overlay Reserve: Amount	Overlay Reserve: % of Total Levy	Abatements: During Fiscal Year of Each Tax Levy	Abatements: Since Fiscal Year Ended (through 6/30/93)
1993	$3,500,000	2.6%	$2,742,849	$2,742,849
1992	3,500,000	2.7	2,343,983	5,222,240(1)
1991	2,995,525	2.5	1,933,765	5,924,881(1)
1990	2,882,760	2.6	2,372,792	4,428,020(1)
1989	1,990,784	2.1	1,643,746	1,929,212

(1) The excess of abatements over overlay reserve has been funded from future fiscal year tax levies.

Source: City Department of Finance.

TAXES OUTSTANDING

Taking and Sale

Massachusetts law permits a municipality either to sell by public sale (at which the municipality may become the purchaser) or to take real property for non-payment of taxes. In either case, the property owner can redeem the property by paying the unpaid taxes, with interest and other charges, but if the right of redemption is not exercised within six months (which may be extended an additional year in the case of certain installment payments), it can be foreclosed by petition to the Land Court. Upon foreclosure, a tax title purchased or taken by the municipality becomes a "tax possession" and may be held and disposed of in the same manner as other land held for municipal purposes.

OVERDUE PROPERTY TAXES
FISCAL YEARS 1989 TO 1993

Fiscal Year	Aggregate(1)	For Current Year	Tax Title and Tax Possessions
1993	$ 7,719,237	$ 7,228,036	$14,058,577
1992	8,330,657	8,033,369	10,719,697
1991	8,883,806	6,380,715	6,354,617
1990	7,894,184	6,351,118	4,172,830
1989	6,236,064	3,949,944	2,347,664

(1) Excludes tax titles, tax possessions, and abated taxes. Includes taxes in litigation, if any.

Source: City Department of Finance.

FEDERAL AND STATE AID

Federal

Although the two major sources of federal aid to the City, Revenue Sharing and Community Development Block Grant, have been either reduced or eliminated in recent years, programs funded through these sources have not been affected. Current revenues have been used, in most cases, to fund programs previously supported by Revenue Sharing and Block Grant funds. In addition, bond proceeds have been utilized to offset reductions in funding of capital projects. The authorization for the Federal Revenue Sharing program expired on September 30, 1986.

The following table shows federal moneys received over the last five years.

CITY OF CAMBRIDGE
PRINCIPAL FEDERAL AID BY SOURCE
FISCAL YEARS 1989 TO 1993

Fiscal Year	Community Development Block Grant	Other	Total From Federal Government
1993	$3,340,702	$ 7,084,323	$10,425,025
1992	2,873,703	14,155,273	17,028,976
1991	2,909,192	6,006,507	8,915,699
1990	2,624,579	8,485,739	11,110,318
1989	2,787,753	8,793,966	11,581,719

Source: City Department of Finance.

State

In addition to grants for specified capital purposes (some of which are payable over the life of the bonds issued for the projects), the Commonwealth provides financial assistance to cities and towns for current purposes. Payments to cities and towns are derived primarily from a percentage of the State's personal income, sales and use, and corporate excise tax receipts, together with the net receipts from the State Lottery. A municipality's state aid entitlement is based on a number of different formulas, of which the "schools" and "lottery" formulas are the most important. Both of the major formulas tend to provide more state aid to poorer communities. None of the major local aid programs has a termination date under existing law and while a formula might indicate that a particular amount of state aid is owed, the amount of state aid actually paid is limited to the amount appropriated by the state legislature. The state annually estimates state aid, but the actual state aid payments may vary from the estimate.

In the fall of 1986, both the State Legislature (by statute) and the voters (by initiative petition) placed limits on the growth of state tax revenues. Although somewhat different in detail, each measure essentially limits the annual growth in state tax revenues to an average rate of growth in wages and salaries in the Commonwealth over the three previous calendar years. If not amended, these measures could restrict the amount of state revenues available for state aid to local communities.

Legislation was enacted in 1991 to help municipalities compensate for additional local aid reductions by the Commonwealth for fiscal year 1992. Under the new law, municipalities may defer budgeting for teacher's summer compensation payable by the end of the fiscal years 1992 and 1993. Municipalities choosing to defer such amounts are required to amortize the resulting budget deficiency by raising at least one fifteenth of the deferred amount in each of the fiscal years 1997 through 2011, or in accordance with a more rapid amortization schedule.

The following table sets forth the actual State aid received by the City in each of the last five fiscal years:

CITY OF CAMBRIDGE
MAJOR STATE ASSISTANCE BY SOURCE
FISCAL YEARS 1989 TO 1993

Fiscal Year	School Construction	School Operations	Other	Total From State
1993	$1,843,253	$2,067,050	$27,603,597	$31,513,900
1992	2,413,200	2,082,640	27,780,233	32,276,073
1991	2,365,604	2,034,765	33,728,340	38,128,709
1990	2,965,266	4,083,230	35,788,351	42,836,847
1989	2,824,577	6,630,897	34,839,118	44,294,592

Source: City Department of Finance. See also Tax Limitations: Other Effects, above.

MOTOR VEHICLE EXCISE

An excise tax is imposed on the registration of motor vehicles (subject to exemptions) at the rate of $25 per $1,000 of valuation. Valuations are determined by a statutory formula based on a manufacturer's list price and year of manufacture. Bills not paid when due bear interest at 12 percent from the due date. Provision is also made for suspension of registration by the Registrar of Motor Vehicles, who may also after a hearing suspend the owner's operating license.

During fiscal year 1984, the City purchased a computerized "in-house" excise tax billing system, allowing the City to discontinue a contractual agreement with an outside service bureau. As a result of this new system, the excise billing and enforcement process is both more timely and efficient.

More importantly, excise tax revenue increased dramatically from $1.4 million in fiscal year 1984 to $1.9 million in fiscal year 1985, an increase of 32 percent. For fiscal year 1986, excise tax revenue increased to $2.5 million because of a statute change in the payment due dates from 60 days to 30 days from the date of issue and the efficiencies of the "in-house" system. The decrease in fiscal year 1987 revenues, was primarily due to the Registry of Motor Vehicles converting computer systems which resulted in the City not receiving approximately 15,000 bills to be sent to vehicle owners in the City. Receipts improved dramatically in fiscal year 1988 with only a slight decrease occurring during the next four fiscal years. Fiscal year 1993 revenues increased significantly from prior year revenues due to implementation of an excise tax tracking system, increased automobile sales, and modest economic recovery. Fiscal year 1994 revenues are projected at a conservative level of $2,451,000.

The valuations of motor vehicles are in addition to the real and personal property valuations.

The following table shows the actual motor vehicle excise tax receipts in each of the last five fiscal years:

RECEIPTS FROM MOTOR VEHICLE EXCISE TAX
FISCAL YEARS 1989 TO 1993

Fiscal Year	Receipts(1)
1993	$3,353,825
1992	2,526,449
1991	2,703,707
1990	2,740,736
1989	2,876,981

(1) Net after refunds, includes receipts from prior years.

Source: City Department of Finance.

ROOM OCCUPANCY EXCISE

Since fiscal year 1986 the City has imposed a room occupancy excise tax at a rate of four percent on hotel, motel, lodging house, and bed and breakfast rooms. The tax is paid by the operator of each establishment to the State Commissioner of Revenue, who in turn pays the tax back to the City.

RECEIPTS FROM ROOM OCCUPANCY EXCISE

Fiscal Year	Receipts
1993	$2,694,058
1992	2,359,477
1991	2,795,249
1990	2,597,233
1989	2,550,728

Source: City Department of Finance.

PUBLISHED FINANCIAL INFORMATION

The City annually contracts with a Certified Public Accounting firm to conduct an independent audit of its financial operations for each fiscal year. Since fiscal year 1979, the City's independent auditor has been KPMG Peat Marwick, Certified Public Accountants, Boston, Massachusetts. Copies of the annual audit are available to the public upon request from the Department of Finance, City Hall, 795 Massachusetts Avenue, Cambridge, Massachusetts 02139.

In addition to the annual independent audit, the City annually publishes a Comprehensive Operating Budget, which includes a five-year Public Investment Program. This document is available through the City Manager's Office, City Hall, 795 Massachusetts Avenue, Cambridge, Massachusetts 02139.

The first table shows general fund balance sheets for fiscal years 1989 through 1993, while the second table compares City revenues, expenditures, and changes in fund balance for fiscal years 1989 through 1993.

CITY OF CAMBRIDGE
GENERAL FUND BALANCE SHEETS
FISCAL YEARS 1989 TO 1993(1)
(as of June 30)

	1989	1990	1991	1992	1993
ASSETS					
Cash	$40,236,110	$21,470,548	$38,552,545	$32,213,743	$25,180,624
Receivables(2)					
Taxes	6,236,064	9,115,560	9,895,079	9,807,232	9,013,045
Tax Title and Possessions	2,347,664	4,169,771	6,351,368	10,719,697	14,058,577
Motor Vehicle Excise	3,335,125	3,408,251	2,165,519	2,036,061	1,897,906
Departmental	518,153	1,012,590	1,575,010	2,142,873	2,657,224
Allowable for Uncollectible					
Receivables	(7,763,861)	(10,388,734)	(12,017,395)	(15,766,644)	—
	$45,503,463	$50,483,218	$48,642,889	$41,152,962	$55,811,246
LIABILITIES AND FUND EQUITY					
Warrants Payable	$ 4,941,007	$ 3,735,104	$ 2,558,916	$ 1,476,576	$ 1,113,898
Accrued Liabilities	0	0	0		
Accrued Tax Abatement Refund	3,079,993	3,211,501	3,410,842	1,563,351	3,407,381
Other	9,254,666	9,780,710	11,769,208	15,051,707	10,805,606
Due to Other Funds	0	0	229,733	228,592	—
Deferred Revenue	833,363	1,009,373	3,200,863	6,658,474	27,039,190
Total Liabilities	$17,275,666	$16,727,315	$22,133,422	$24,978,700	$42,366,075
Fund Equity:					
Fund Balances					
Reserved for Encumbrances	2,962,668	3,318,828	3,648,743	4,843,074	5,800,832
Reserved for Specific Purposes	110,962	396,272	396,272	396,272	48,657
Undesignated	24,144,794	26,839,940	22,464,452	10,943,916	7,595,682
Total Fund Equity	27,218,424	30,555,040	26,509,467	16,174,262	13,445,171
Total Liability & Fund Equity	$45,503,463	$50,483,218	$48,642,889	$41,152,962	$55,811,246

(1) See Appendix A for complete financial report for 1993. Copies of the financial reports for 1992, 1991, 1990, and 1989 are available upon request.

(2) The amounts shown for receivables are the total receivables with an allowance for uncollectible receivables shown on a separate line.

Source: Audit Reports of KPMG Peat Marwick for the fiscal years ended June 30, 1989, 1990, 1991, 1992, and 1993.

CITY OF CAMBRIDGE
GENERAL FUND—COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE ACTUAL FOR FISCAL YEARS 1989 TO 1993 (1)

	1989	1990	1991	1992	1993
Revenues:					
Property Taxes	$ 94,047,616	$102,815,632	$111,658,587	$118,108,622	$121,079,220
In Lieu of Tax Receipts	1,873,196	2,096,485	2,408,383	2,643,079	2,588,670
Hotel/Motel Tax	2,550,728	2,597,233	2,795,249	2,359,477	2,694,058
Intergovernmental Revenue	43,187,051	43,231,217	38,128,708	32,276,073	31,513,900
Infirmary & Health Dept.(2)	-6,195,620	8,780,123	111,469	103,840	120,228
Sewer Use	8,181,355	10,182,371	11,212,092	12,442,709	17,833,123
Motor Vehicle Excise	2,859,715	2,740,736	2,703,722	2,526,449	3,353,825
Interest	2,807,231	2,299,519	2,579,552	1,548,691	738,873
Other	9,015,422	9,671,403	8,328,661	8,215,168	10,581,727
Total Revenues	170,717,934	184,414,719	179,926,423	180,120,268	190,503,624
Expenditures					
Education	61,601,747	65,652,466	69,824,051	71,550,633	73,243,290
Infirmary & Health Dept.(2)	7,616,515	8,084,730	838,707	938,435	1,030,934
Employee Benefits	3,772,386	4,705,658	6,051,398	7,902,269	10,661,398
Public Works	16,421,641	16,399,025	16,490,096	15,555,191	15,847,904
Debt Service	5,493,864	5,850,190	7,798,550	6,190,661	6,684,654
Police	16,836,385	17,690,926	17,990,397	18,937,772	19,383,942
Fire	15,551,089	16,215,839	16,382,677	17,872,430	18,355,551
Massachusetts Bay Trans. Authority	5,645,969	5,549,505	5,660,213	5,801,720	5,948,051
Community Development	1,858,374	2,067,865	2,237,686	2,478,250	2,484,271
Finance	4,034,582	4,121,355	4,340,067	4,525,736	4.581,484
Traffic & Parking	4,908,337	5,268,847	5,378,129	5,355,288	5,513,415
Library	2,429,329	2,502,462	2,656,840	2,816,771	2,873,743
Other	20,051,928	21,636,373	24,787,639	32,129,340	31,635,347
Total Expenditures	166,222,146	175,745,241	180,436,450	190,728,067	198,243,984
Transfers from Other Funds: (Net)	(2,433,715)	(5,332,862)	(3,122,144)	272,594	5,011,269
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	4,495,788	3,336,616	(3,632,171)	(10,335,205)	(2,729,091)
Fund Equity at beginning of year	25,156,351	27,218,424	30,555,040	26,509,467	16,174,262
Equity Transfer	0	0	(413,402)		
Fund Equity at end of year	$ 27,218,424	$ 30,555,040	$ 26,509,467	$ 16,174,262	$ 13,445,171

(1) Does not include water and hospital revenues and expenditures.

Source: Audit Reports of KPMG Peat Marwick for the fiscal years ended June 30, 1989, 1990, 1991, 1992, and 1993.

SURPLUS REVENUE AND FREE CASH

Under Massachusetts law an amount known as "free cash" is certified as of the beginning of each fiscal year by the State Bureau of Accounts and this, together with certain subsequent tax receipts, is used as the basis for subsequent appropriations for available funds, which are not required to be included in the annual tax levy. Subject to certain adjustments, free cash is surplus revenue less uncollected and overdue property taxes from prior years.

The following table sets forth the surplus revenue and certified free cash for the most recent fiscal years:

CITY OF CAMBRIDGE
SURPLUS REVENUE AND CERTIFIED FREE CASH
FISCAL YEARS 1989 TO 1993

July 1	Surplus Revenue or (Deficit)(1)	Free Cash
1993	$13,716,416	$ 9,992,031
1992	14,216,751	12,417,136
1991	20,461,551	16,880,314
1990	21,341,345	17,982,696
1989	22,065,715	15,082,327

(1) Surplus revenue is not reduced by revenue deficits from tax abatements in excess of overlay or revenue deficits resulting from non-property tax receipts being less than estimates, both of which are added to the next tax levy. It also does not include special funds, such as water.

Source: City Department of Finance.

RETIREMENT PLAN

The Massachusetts General Laws (Chapter 32, Sections 1-28) provide for the establishment of contributory retirement systems for state employees, for teachers and for county, city, and town employees other than teachers. Teachers are assigned to a separate statewide teacher's system and not to the City system. Substantially all employees of the City are covered.

In addition to the contributory systems, the City provides non-contributory pensions to a limited number of employees, primarily persons who entered service prior to July 1, 1937 and their dependents.

The obligations of the City of Cambridge under the Contributory Pension Law are contractual legal obligations and are required to be included in the annual tax levy.

The amount required to pay the pensions over and above employee contributions and investment income was traditionally provided on an essentially pay-as-you-go basis, but legislation enacted since 1981 has provided for changes in the funding of both state and local retirement systems.

Beginning in 1982 the Commonwealth assumed responsibility for cost-of-living adjustments for local retirement systems. In 1983 legislation was enacted establishing the Pension Reserves Investment Trust ("PRIT") Fund to receive and manage funds to offset future pension costs of state and local systems to the extent of their participation in the assets of the PRIT Fund. The law now provides that annual appropriations by the Commonwealth for unfunded pension liabilities will be deposited in the PRIT Fund and shared by all participating systems in proportion to their interests in the assets of the PRIT Fund as of December 31, 1989. The law calls for annual State appropriations amounting to at least 1.3% of State payroll.

"Excess earnings," or earnings on individual employees' retirement accounts in excess of a perdetermined rate are set aside for future, not current, pension liabilities. (Under prior law, local systems had been allowed to use excess earnings to reduce their annual appropriations for benefits paid to retirees.) Each system not joining PRIT is required to establish a pension reserve fund to receive excess earnings. Cities and towns may voluntarily appropriate to the pension reserve fund in any given year up to five percent of the preceding year's tax levy. The aggregate amount in the fund may not exceed ten percent of the equalized valuation of the city or town.

Legislation enacted in 1987 provided for the funding of the Commonwealth's unfunded pension liability over a period not greater than 40 years. In addition, that legislation contains financial incentives for each local governmental unit to establish its own state-approved funding schedule to eliminate its unfunded actuarial liability by June 30, 2028. Annual state pension funding grants are to be provided for the first fifteen years of an approved funding schedule, beginning with the fiscal year ended June 30, 1990; the grants are to be funded from designated percentages of increases in state revenues. The funding provisions for local systems are subject to local acceptance.

In addition to pension benefits, cities and towns may provide retired employees with payments for a portion of their health care and life insurance benefits. These benefit payments are generally provided on a pay-as-you-go basis.

The annual contributions of the City to the contributory and non-contributory retirement system for the current year and most recent years are set forth below:

CITY OF CAMBRIDGE
CONTRIBUTIONS TO CITY PENSION FUNDS
FISCAL YEARS 1989 TO 1993

Fiscal Year	Contributory (1)	Non-contributory	Total
1993	$13,323,105	$1,974,833	$15,297,938
1992	13,097,005	1,966,058	15,063,063
1991	11,743,370	2,012,882	13,756,252
1990	11,439,380	2,092,562	13,531,942
1989	10,496,880	2,184,698	12,681,578

(1) Contributory figure indicated has been determined by the Commonwealth.

Source: City Department of Finance.

An actuarial study conducted by an independent audit firm determined that the unfunded pension liability of the Cambridge Retirement System was $135,201,000 as of January 1, 1993. The study has also provided cost options available to the City under Chapter 697 of the Acts of 1987. The City has used the results of this study to begin a long term actuarial funding of the system under Chapter 697. The City adopted Chapter 697 in December, 1989.

For additional information relating to the City's pension system as well as certain life insurance and health care benefits for retirees, see footnote 13 of the City's audited financial statements in Appendix A.

EMPLOYEE RELATIONS AND COLLECTIVE BARGAINING

City employees (other than managerial and confidential employees) are entitled to join unions and to bargain collectively on questions of wages, hours, and other terms and conditions of employment. Provisions for compulsory arbitration of labor disputes involving fire fighters and police officers were repealed by a State initiative law adopted at the November 1980 election.

The City has approximately full- and part-time employees, of whom approximately 78.6 percent belong to unions or other collective bargaining groups.

CITY OF CAMBRIDGE
CITY UNIONS AND COLLECTIVE BARGAINING GROUPS

Groups	Department	Number of Employees Represented	Contract Expires (1)
International Public Employees Association	City-Wide	913	6/30/94
Teachers and Administrators (Mass. Teachers Assoc.)	School	872	8/31/92
Clerical	School	89	6/30/93
Custodians (Local 1611 AFL-CIO)	School	83	6/30/93
Food Service	School	60	8/31/93
Safety Specialist	School	14	6/30/93
Paraprofessionals (affiliated with Mass. Teachers Assoc.)	School	140	6/30/93
Substitute Teachers	School	70	8/31/92
Nurses (Massachusetts Nurses Association)	Hospital	322	3/31/94
National Organization of Legal Service Workers	Rent Control	22	6/30/94
House Officers	Hospital	75	6/30/94
Steam Fireman	Hospital	13	6/30/94
International Assoc. of Firefighters	Fire	272	6/30/94
Patrol Officers	Police	199	6/30/91
Superior Officers	Police	48	6/30/91
Traffic Supervisors	Police	53	6/30/94
Service Employees International Union	Water	44	6/30/92
Professional Librarians	Library	63	6/30/94
Code Inspectors (AFSCME)	Inspectional Services	6	6/30/94
Daycare Workers	Human Services	37	6/30/94
		3,226	

(1)

Source: City Personnel Department.

/s/___________________
City Treasurer

February , 1994

APPENDIX A

There follows in this appendix financial statements of the City of Cambridge, Massachusetts, for the fiscal year ended June 30, 1993 together with the Auditor's report thereon by KPMG Peat Marwick of Boston, Massachusetts. These have been reproduced with the permission of KPMG Peat Marwick. Any questions concerning information contained herein should be directed to Mr. Anthony La Cava, KPMG Peat Marwick, One Boston Place, Boston, Massachusetts 02108, telephone (617) 723-7700.

CITY OF CAMBRIDGE, MASSACHUSETTS
FINANCIAL STATEMENTS
For the Year Ended June 30, 1993

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KPMG Peat Marwick

Certified Public Accountants

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Independent Auditors' Report

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

We have audited the general purpose financial statements of the City of Cambridge, Massachusetts, as of and for the year ended June 30, 1993, 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 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, 1993, and the results of its operations and cash flows of its proprietary and nonexpendable trust funds for the year then ended in conformity with generally accepted accounting principles.

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

KPMG Peat Marwick

December 23, 1993

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GENERAL PURPOSE FINANCIAL STATEMENTS

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

CITY OF CAMBRIDGE, MASSACHUSETTS

Combined Balance Sheet
All Fund Types and Account Groups

June 30, 1993

	Governmental Fund Types			Proprietary Fund Types		Fiduciary Fund Types	Account Groups		
Assets and Other Debits	General	Special Revenue	Capital Projects	Enterprise (note 14)	Internal Service	Trust and Agency	General Fixed Assets	General Long-term Obligations	Totals (Memorandum Only)
Cash and short-term investments (note 4)	$ 25,180,624	11,570,021	-	10,980,731	591,484	25,261,420	-	-	73,584,280
Other investments, at cost (note 4)	-	-	-	-	-	145,458,719	-	-	145,458,719
Receivables:									
Property taxes	9,013,045	-	-	-	-	-	-	-	9,013,045
Tax titles and possessions	14,058,577	-	-	-	-	-	-	-	14,058,577
Motor vehicle excise	1,897,906	-	-	-	-	-	-	-	1,897,906
Accounts	2,657,224	-	-	27,321,237	-	255,773	-	-	30,234,234
Allowance for uncollectible receivables	-	-	-	(15,398,189)	-	-	-	-	(15,398,189)
Due from other funds (note 12)	2,197,079	15,529	375,520	555,272	-	-	-	-	3,143,400
Due from other governments (note 7)	-	943,764	1,137,378	212,236	-	1,806,984	-	-	4,100,362
Assets whose use is limited (notes 4 and 5)	-	-	-	31,917,681	-	-	-	-	31,917,681
Fixed assets (net, where applicable, of accumulated depreciation) (note 8)	-	-	-	103,595,844	36,102	-	274,514,879	-	378,146,825
Other assets	806,791	-	-	601,925	-	1,756,728	-	-	3,165,444
Amount to be provided for retirement of general long-term obligations	-	-	-	-	-	-	-	156,822,760	156,822,760
Total assets and other debits	$ 55,811,246	12,529,314	1,512,898	159,786,737	627,586	174,539,624	274,514,879	156,822,760	836,145,044

See accompanying notes to general purpose financial statements.

(Continued)

CITY OF CAMBRIDGE, MASSACHUSETTS

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

June 30, 1993

	Governmental Fund Types			Proprietary Fund Types		Fiduciary Fund Types	Account Groups		
Liabilities, Fund Equity and Other Credits	General	Special Revenue	Capital Projects	Enterprise (note 14)	Internal Service	Trust and Agency	General Fixed Assets	General Long-term Obligations	Totals (Memorandum Only)
Liabilities:									
Warrants payable	$ 1,113,898	-	-	-	-	-	-	-	1,113,898
Accrued liabilities:									
Tax abatement refunds	3,407,381	-	-	-	-	-	-	-	3,407,381
Guarantee deposits and amounts due to other taxing authorities	-	-	-	-	-	1,196,701	-	-	1,196,701
Compensated absences (note 11)	-	-	-	3,750,047	-	-	-	5,979,123	9,729,170
Pension costs (notes 11 and 16)	-	-	-	-	-	-	-	120,513,637	120,513,637
Other	10,805,606	510,971	1,330,363	3,156,548	-	327,191	-	-	16,130,679
Due to third parties (note 10)	-		-	12,239,794	-	-	-	-	12,239,794
Due to other funds (note 12)	-	-	-	3,143,400	-	-	-	-	3,143,400
Capital lease obligation (note 9)	-	-	-	1,067,756	-	-	-	-	1,067,756
Deferred compensation (note 17)	-	-	-	-	-	16,174,822	-	-	16,174,822
Deferred revenue	27,039,190	4,150,312	-	-	-	-	-	-	31,189,502
General obligation bonds payable (note 11)	-	-	-	21,275,000	-	-	-	30,330,000	51,605,000
Total liabilities	42,366,075	4,661,283	1,330,363	44,632,545	-	17,698,714	-	156,822,760	267,511,740
Fund equity and other credits:									
Investments in general fixed assets	-	-	-	-	-	-	274,514,879	-	274,514,879
Retained earnings	-	-	-	108,933,845	627,586	-	-	-	109,561,431
Contributed capital	-	-	-	6,220,347	-	-	-	-	6,220,347
Fund balances:									
Reserved for encumbrances	5,800,832	305,112	182,535	-	-	-	-	-	6,288,479
Reserved for specific purposes (note 13)	48,657	3,230,432	-	-	-	156,840,910	-	-	160,119,999
Unreserved	7,595,682	4,332,487	-	-	-	-	-	-	11,928,169
Total fund equity and other credits	13,445,171	7,868,031	182,535	115,154,192	627,586	156,840,910	274,514,879	-	568,633,304
Commitments and contingencies (note 15)									
Total liabilities, fund equity and other credits	$ 55,811,246	12,529,314	1,512,898	159,786,737	627,586	174,539,624	274,514,879	156,822,760	836,145,044

See accompanying notes to general purpose financial statements.

CITY OF CAMBRIDGE, MASSACHUSETTS

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

Year ended June 30, 1993

	Governmental Fund Types			Fiduciary Fund Type	Totals
	General	Special Revenue	Capital Projects	Expendable Trust	(Memorandum Only)
Revenues:					
Property taxes	$ 121,079,220	-	-	-	121,079,220
Payments in lieu of tax receipts	2,588,670	-	-	-	2,588,670
Hotel/motel excise tax	2,694,058	-	-	-	2,694,058
Intergovernmental	31,513,900	12,878,673	2,352,991	-	46,745,564
Sewer use	17,833,123	-	-	-	17,833,123
Motor vehicle excise	3,353,825	-	-	-	3,353,825
Investment income	738,873	289,038	8,007	594,873	1,630,791
Other	10,701,955	13,541,813	135,000	1,157,469	25,536,237
Total revenues	190,503,624	26,709,524	2,495,998	1,752,342	221,461,488
Expenditures:					
Current:					
General government	18,454,613	-	-	-	18,454,613
Public safety	48,410,734	-	-	-	48,410,734
Community maintenance and development	20,507,497	-	-	233,600	20,741,097
Health department	1,019,412	-	-	-	1,019,412
Human resource development	9,312,711	-	-	-	9,312,711
Education	73,243,290	6,891,827	-	-	80,135,117
Fuel assistance	-	1,792,061	-	-	1,792,061
Judgments and claims	1,847,476	-	-	-	1,847,476
State assessments	18,763,597	-	-	-	18,763,597
Other	-	1,934,487	-	118,115	2,052,602
Capital outlay	-	-	11,954,918	-	11,954,918
Debt service:					
Principal retirement (note 11)	4,980,000	-	-	-	4,980,000
Interest	1,704,654	-	-	-	1,704,654
Total expenditures	198,243,984	10,618,375	11,954,918	351,715	221,168,992
Excess (deficiency) of revenues over expenditures	(7,740,360)	16,091,149	(9,458,920)	1,400,627	292,496
Other financing sources (uses):					
Operating transfers from other funds (note 19)	17,950,114	79,906	4,202,773	304,294	22,537,087
Operating transfers to other funds (note 19)	(12,938,845)	(15,236,712)	(79,906)	(3,876,125)	(32,131,588)
Total other financing sources (uses)	5,011,269	(15,156,806)	4,122,867	(3,571,831)	(9,594,501)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(2,729,091)	934,343	(5,336,053)	(2,171,204)	(9,302,005)
Fund equity at beginning of year	16,174,262	6,933,688	5,518,588	15,765,666	44,392,204
Fund equity at end of year	$ 13,445,171	7,868,031	182,535	13,594,462	35,090,199

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, 1993

	1993 Budget (note 18)	1993 Actual	Variance Favorable (Unfavorable)	1992 Actual
Revenues:				
Property taxes	$ 133,580,000	133,580,000	-	128,050,000
Provisions for tax abatements and adjustments	(3,500,000)	(3,500,000)	-	(3,500,000)
Payments in lieu of tax receipts	2,100,000	2,588,670	488,670	2,643,079
Hotel/motel excise tax	2,300,000	2,694,058	394,058	2,359,477
Intergovernmental	31,077,541	31,513,900	436,359	32,276,073
Hospital, infirmary and health department	69,567,965	86,580,407	17,012,442	73,725,725
Sewer use	16,777,125	17,833,123	1,055,998	12,442,709
Water use	8,489,490	9,072,281	582,791	8,237,173
Motor vehicle excise	2,460,720	3,353,825	893,105	2,526,449
Investment income	1,200,000	884,637	(315,363)	1,576,043
Other	7,608,723	9,658,750	2,050,027	8,303,110
Total revenues	271,661,564	294,259,651	22,598,087	268,639,838
Expenditures:				
Current:				
General government	20,874,236	20,505,980	368,256	15,045,313
Public safety	49,332,444	48,346,555	985,889	46,882,889
Community maintenance and development	20,495,088	20,227,895	267,193	20,416,173
Health and hospital services	75,712,860	75,499,307	213,553	70,357,376
Human resource development	9,615,720	9,266,281	349,439	8,761,217
Education	74,680,060	74,465,531	214,529	71,874,739
Judgments and claims	250,000	5,989,799	(5,739,799)	1,188,400
Intergovernmental	20,805,545	18,763,597	2,041,948	16,075,020
Water	4,850,840	4,823,956	26,884	4,585,200
Debt service:				
Principal retirement	6,601,680	6,601,680	-	5,905,620
Interest	2,364,930	2,276,690	88,240	2,308,364
Total expenditures	285,583,403	286,767,271	(1,183,868)	263,400,311
Excess (deficiency) of revenues over expenditures	(13,921,839)	7,492,380	21,414,219	5,239,527
Other financing sources (uses):				
Operating transfers in (out):				
Special revenue funds	13,710,280	14,038,509	328,229	13,794,626
Capital projects funds	(7,525,000)	(7,525,000)	-	(11,669,422)
Trust funds	3,876,125	3,876,125	-	(898,875)
	10,061,405	10,389,634	328,229	1,226,329
Excess (deficiency) of revenues and operating transfers in over expenditures and operating transfers out	(3,860,434)	17,882,014	21,742,448	6,465,856
Other budget items:				
Free cash appropriations	5,843,750			
Prior year deficits raised	(1,983,316)			
Total other budget items	3,860,434			
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 and Similar Trust Funds

Year ended June 30, 1993

	Proprietary Fund Types		Fiduciary Fund Types		
	Enterprise (note 14)	Internal Service	Pension Trust	Non-Expendable Trust	Totals (Memorandum Only)
Operating revenues:					
Patient service revenue, net of allowance and uncollectible accounts	$ 64,714,467	-	-	-	64,714,467
Charges for services	8,505,047	101,506	-	-	8,606,553
Income from employer and member contributions	-	-	24,817,642	-	24,817,642
Donations	-	-	-	35,625	35,625
Investment income	-	-	6,486,485	4,294	6,490,779
Net gain on sale of investment	-	-	6,767,552	-	6,767,552
Bond amortization	-	-	151,718	-	151,718
Other	24,545,083	-	-		24,545,083
Total operating revenues	97,764,597	101,506	38,223,397	39,919	136,129,419
Operating expenses:					
Administration	3,063,910	-	-	-	3,063,910
Finance	3,835,220	-	-	-	3,835,220
Service and support programs	61,073,326	67,778	-	-	61,141,104
General services	12,849,637	-	-	-	12,849,637
Depreciation	4,149,608	11,088	-	-	4,160,696
Provision for bad debts	6,688,882	-	-	-	6,688,882
Pension plan benefit payments	-	-	19,699,424	-	19,699,424
Other	4,092,524	-	234,651	-	4,327,175
Total operating expenses	95,753,107	78,866	19,934,075	-	115,766,048
Operating income	2,011,490	22,640	18,289,322	39,919	20,363,371
Nonoperating revenues and expenses:					
Interest income	909,292	-	-	-	909,292
Interest expense	(1,592,535)	-	-		(1,592,535)
Income before operating transfers	1,328,247	22,640	18,289,322	39,919	19,680,128
Operating transfers from other funds (note 19)	9,843,845	-	-	-	9,843,845
Operating transfers to other funds (note 19)	(245,050)	-	-	(4,294)	(249,344)
Net income	10,927,042	22,640	18,289,322	35,625	29,274,629
Retained earnings/fund equity:					
Beginning of year	98,006,803	604,946	123,557,041	1,364,460	223,533,250
End of year	$ 108,933,845	627,586	141,846,363	1,400,085	252,807,879

See accompanying notes to general purpose financial statements.

CITY OF CAMBRIDGE, MASSACHUSETTS

Combined Statement of Cash Flows

All Proprietary Fund Types and Nonexpendable Trust Funds

Year ended June 30, 1993

		Proprietary Fund Types		Fiduciary Fund Types	
		Enterprise (note 14)	Internal Service	Non-Expendable Trust	Totals (Memorandum Only)
Cash flows from operating activities:					
Operating income	$	2,011,490	22,640	39,919	2,074,049
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation		4,149,608	11,088	-	4,160,696
Provision for bad debts		6,688,882	-	-	6,688,882
Capital contribution		8,956	-	-	8,956
Change in assets and liabilities:					
Accounts receivable		(5,369,277)	-	-	(5,369,277)
Interfund receivables		425,574	-	-	425,574
Due from other governments		(212,236)	-	-	(212,236)
Other assets		(91,530)	-	-	(91,530)
Accrued liabilities		815,243	-	-	815,243
Due to third parties		8,406,238	-	-	8,406,238
Interfund payables		1,416,304	-	-	1,416,304
Net cash provided by operating activities		18,249,252	33,728	39,919	18,322,899
Cash flows from noncapital finacing activities:					
Operating transfer - in from general fund		9,843,845	-	-	9,843,845
Operating transfer - out to general fund		(245,050)	-	-	(245,050)
Operating transfer - out to expendable trust fund		-	-	(4,294)	(4,294)
Net cash provided by (used for) non-capital financing activities		9,598,795	-	(4,294)	9,594,501
Cash flows from capital and related financing activities:					
Acquisition of capital assets		(8,542,922)	-	-	(8,542,922)
Principal paid on revenue bonds		(3,340,000)	-	-	(3,340,000)
Interest paid on revenue bonds		(1,592,535)	-	-	(1,592,535)
Payments on capital lease obligations		(114,494)	-	-	(114,494)
Net cash used for capital and related financing activities		(13,589,951)	-	-	(13,589,951)
Cash flows from investing activities:					
Investments in assets whose use is limited		(31,917,681)	-	-	(31,917,681)
Proceeds from sale of investments		-	-	4,019	4,019
Interest income		909,292	-	-	909,292
Net cash provided by (used for) investing activities		(31,008,389)	-	4,019	(31,004,370)
Net increase (decrease) in cash and cash equivalents		(16,750,293)	33,728	39,644	(16,676,921)
Cash and cash equivalents at beginning of year		27,731,024	557,756	350,807	28,639,587
Cash and cash equivalents at end of year	$	10,980,731	591,484	390,451	11,962,666

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) Definition of Reporting Entity

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

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

The financial statements of the Cambridge Retirement System are presented for the year ended December 31, 1992, which is its fiscal period for reporting to the Retirement Law Commission of the Commonwealth of Massachusetts.

The operations of the Cambridge Housing Authority and the Cambridge Redevelopment Authority are not part of the defined reporting entity and therefore, are not included in the general purpose financial statements of the City. The Housing and Redevelopment Authority's governing board (appointed by the City Manager and the State legislature) selects management staff, establishes budgets, and controls all aspects of each entity's management and development. Both organizations are excluded because (1) neither falls within the oversight responsibility of the City, (2) they are not subject to the financial controls of the City Manager or the budgetary controls of the Mayor and City Council, and (3) no financial interdependency exists.

(2) Summary of Significant Accounting Policies

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

(a) Basis of Presentation - Fund Accounting

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

(Continued)

GOVERNMENTAL FUND TYPES

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

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

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

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

PROPRIETARY FUND TYPES

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

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

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

FIDUCIARY FUND TYPES

Fiduciary Funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. These include (1) expendable trust funds, (2) nonexpendable trust funds, (3) pension trust funds, and (4) agency funds. 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 used to establish accounting control and accountability for the City's general fixed assets and general long-term obligations. The following are the City's account groups:

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

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

(b) Basis of Accounting by Fund

The basis of accounting used for each fund is as follows:

Governmental Funds, Expendable Trust and Agency Funds

The modified accrual basis of accounting is applied in all governmental fund types and expendable trust and agency funds. Accordingly, revenues are recorded when susceptible to accrual, that is, both measurable and available to finance expenditures of the current period. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The City considers property taxes as available if they are collected within 60 days after year end. Expenditures are recorded when the liability is incurred except for (1) principal and interest on general long-term obligations, which is recorded when due, and (2) the noncurrent portion of accrued pension costs and accrued vacation and sick leave, which are recorded as liabilities of the general long-term obligations account group.

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

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

Proprietary, Pension and Nonexpendable Trust Funds

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

(c) Charity Care

The Hospital provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Because the Hospital does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue.

(Continued)

(d) Net Patient Service Revenue

Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

(e) Investments

Investments, other than those of the Pension Trust Fund, are carried at cost or amortized cost which approximates market value. The accounting policy for investments of the Pension Trust Fund is described in note 16.

(f) Cash Equivalents

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

(g) 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.

(h) Vacation and Sick Leave

City employees are granted vacation and sick leave in varying amounts. Upon retirement, termination or death, certain employees are compensated for unused vacation and sick leave (subject to certain limitations) at their then current rates of pay. The noncurrent portion of this unused vacation and sick leave which is expected to be paid from future financial resources, is accounted for as a liability of the general long-term obligations account group. The liability for sick and vacation pay of the Proprietary Funds is recorded as a liability of that fund.

(Continued)

(i) Judgments and Claims

Expenditures for judgments and claims are recorded in the governmental funds to the extent they are expected to be paid from expendable available resources. Estimated liabilities for judgments and claims of Proprietary Funds are recorded as liabilities of those funds.

(j) 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.

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.

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

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

(l) Self-insurance

The City has established a self-insured medical program for all employees not participating in various Health Maintenance Organizations (HMO's). Both employees and the City contribute to the fund based upon a primary care premium formula. The purpose of this program is to pay medical claims of the City's employees and their covered dependents.

The City is self insured for general liability losses and employees not covered by workman's compensation insurance. The City accounts for these costs on a pay-as-you-go basis.

(m) Total Columns - Memorandum Only

Total columns on the general purpose financial statements are captioned "Total 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 eliminations have not been made.

(n) Reclassifications

Certain prior year information has been reclassified to conform with the current year presentation.

(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. In fiscal 1993, real estate and personal property taxes were levied on October 14, 1992. By law, all taxable property in the Commonwealth must be assessed at 100% of fair cash value. Taxes due and unpaid after the respective due dates are subject to interest and penalties. The City has an ultimate right to foreclose on property for which taxes have not been paid. A tax lien is issued on the property when more than one year's tax is overdue. Property taxes levied are recorded as receivables, net of estimated uncollectibles, in the fiscal year of the levy. Property tax revenues are recorded in accordance with the modified accrual basis of accounting described in note 2.

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

(4) Deposits and Investments

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

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

Deposits

The 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, 1993.

	Bank Balances Category 1	Bank Balances Category 2	Bank Balances Category 3	Total Bank Balance	Carrying Amount
Cash	$ 605,956	-	10,473,522	11,079,478	12,858,090
Money market	21,069,824	1,538,121	823,617	23,431,562	22,261,683
Total	$ 21,675,780	1,538,121	11,297,139	34,511,040	35,119,773

(Continued)

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.

		Category					Estimated
		1	2	3	Not Categorized	Carrying Amount	Market Value
MMDT	$	-	-	-	70,382,188	70,382,188	70,382,188
Mutual funds		-	-	-	16,174,822	16,174,822	16,174,822
Common stocks		63,096,706	-	-	-	63,096,706	72,311,791
Corporate bonds		26,768,171	-	-	-	26,768,171	26,499,347
U.S. Treasury notes		36,664,211	-	-	-	36,664,211	37,886,689
Insurance contracts		-	-	-	2,754,809	2,754,809	2,753,371
Total	$	126,529,088	-	-	89,311,819	215,840,907	226,008,208

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.

Of the investments reflected in the preceding table, investments of the City's Pension Fund constitute 92% of the amount in Category 1.

(5) Assets Whose Use is Limited

Assets whose use is limited is restricted as follows at June 30, 1993:

By City Council for construction and renovation	$ 20,000,000
By City Council for funded depreciation	10,000,000
By City Council for capital acquisition	1,917,681
	$ 31,917,681

Assets set aside by the City Council are maintained in the Massachusetts Municipal Depository Trust, at cost which approximates market.

(6) Charity Care

The Hospital provides charity care to patients who are unable to pay. The amount of foregone charges were $12,033,092 for the year ended June 30, 1993. The Hospital provides services to Medicaid patients at less than cost which the Hospital considers partial charity care amounting to $3,282,015 for the year ended June 30, 1993.

(Continued)

The Commonwealth of Massachusetts maintains an Uncompensated Care Pool fund which requires hospitals to uniformly fund free care and bad debts incurred by hospitals. The Hospital made payments to the Pool in 1993 in the amount of $1,422,706 which is included in other operating expense on the combining statement of revenues, expenses and changes in retained earnings for enterprise funds.

The Hospital has recognized revenues of $17,014,977 in fiscal 1993 for expected reimbursement from the Uncompensated Care Pool. This amount is included in other operating revenue in the combining statement of revenues, expenses and changes in retained earnings for enterprise funds.

(7) Due from Other Governments

The following is a summary of amounts due from other governments as of June 30, 1993:

Commonwealth of Massachusetts	$ 1,806,984
Other Federal and state agencies	2,293,378
	$ 4,100,362

(8) Fixed Assets

A summary of general fixed assets activity in the general fixed assets account group for the year ended June 30, 1993 follows:

	Balance June 30, 1992	Additions	Disposals	Balance June 30, 1993
Land	$ 172,062,238	-	-	172,062,238
Buildings	72,200,258	790,164	-	72,990,422
Improvements other than buildings	6,919,688	2,532,471	-	9,452,159
Equipment	18,088,291	1,434,403	-	19,522,694
Construction in progress	544,878	698,484	544,878	698,484
	$ 269,815,353	5,455,522	544,878	274,725,997

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

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

(Continued)

A summary of proprietary fund type property, plant, and equipment at June 30, 1993 follows:

	Hospital and Neighborhood Health Centers	Neville Manor	Water	Total Enterprise	Internal Service
Land	$ 140,000	5,460,000	39,264,325	44,864,325	-
Buildings	17,570,556	2,305,698	8,527,921	28,404,175	-
Improvements other than buildings	2,855	-	15,282,754	15,285,609	-
Equipment	31,717,920	617,490	9,607,491	41,942,901	171,181
Construction in progress	4,092,869	-	1,116,157	5,209,026	-
	53,524,200	8,383,188	73,798,648	135,706,036	171,181
Less accumulated depreciation	(20,414,716)	(968,062)	(10,727,414)	(32,110,192)	(135,079)
	$ 33,109,484	7,415,126	63,071,234	103,595,844	36,102

Construction in progress at June 30, 1993 is composed of the following:

	Project Authorization	Expended	Committed
General Fixed Assets:			
Senior center	$ 2,000,000	135,000	1,865,000
Elementary school construction	9,100,000	550,372	8,549,628
City Hall renovations	5,350,000	13,112	5,336,888
	$ 16,450,000	698,484	15,751,516
Hospital Fund:			
Ambulatory care center	$ 40,000,000	4,092,869	35,907,131
Water Fund:			
Water treatment plant	$ 3,000,000	1,116,157	1,883,843

(9) Leases

Cambridge Hospital is obligated under the terms of a capital lease agreement for office facilities. The components of the capital lease included in fixed assets follow:

Buildings	$ 1,337,390
Accumulated amortization	(269,634)
Total	$ 1,067,756

(Continued)

Future minimum lease commitments under the capital lease obligation are as follows:

1994	$ 197,660
1995	207,543
1996	213,769
1997	220,182
1998	226,788
Thereafter	233,591
Net minimum lease payments	1,299,533
Less: imputed interest	(231,777)
Present value of net minimum lease payments	$ 1,067,756

(10) Third Party Reimbursement

On December 21, 1992 (retroactive to October 1, 1992), the Massachusetts legislature enacted Chapter 495 which established a new reimbursement system for hospitals. Chapter 495 allows individual hospitals to negotiate and contract directly with third party payors, thereby deregulating hospital revenues and allowing competitive forces to control hospital charges. However, the legislation establishes gross inpatient services revenue caps for a two year transition period (including fiscal years 1993 and 1992). In addition to an overall price cap, hospitals are also subject to individual price caps based on diagnostic related groups (DRG). Chapter 495 continues the use of a statewide pool to uniformly fund uncompensated care with some modifications. The principal change is that bad debts are no longer reimbursed, except those related to emergency services provided to uninsured patients and for which reasonable collection efforts have been made.

The Hospital has agreements with numerous third party payors. The following summarizes the most significant agreements. The Hospital has a contract with Blue Cross for inpatient services which utilizes a combination of per discharge and per diem payments based on the DRG system established by the state of New York. Payment for outpatient services under the Blue Cross contract is based on a payment on account factor. Medicaid payments are based on a contract with the Massachusetts Department of Public Welfare. Payments for inpatient services are on a per discharge and per diem basis. Payments for clinic and emergency services are on a per visit basis and payments for ancillary services reflect a combination of discounted charges and fee schedules. The Hospital has contracts with many managed care providers. Most contracts provide for per diem and per discharge payments. Commercial insurers reimburse the Hospital for services on the basis of established charges. Effective July 1, 1986, the Hospital is reimbursed for Medicare patients under the Prospective Payment System, the national Medicare system whereby hospitals are paid a standard amount based upon the patient's diagnosis.

(Continued)

Prior to fiscal 1992, payments for services from all payors with the exception of Medicare were governed by a series of legislative acts beginning in fiscal 1983. Under the prior system, gross revenues were subject to caps based on the Maximum Allowable Costs (MAC) for each year, with carryforward adjustments for any over or under generation of revenues. Under this system, commercial insurers generally paid at the level of established gross charges, Blue Cross and Medicaid paid at discounted levels, and managed care plans were free to negotiate discounts from charges. The Hospital is required to prepare and file certain compliance reports which are subject to audit and pursuant to the Blue Cross agreement, Chapter 495 and Medicare regulations. The Hospital is current with respect to all compliance filings. Differences between actual and final settlements are recorded as contractual adjustments in the year determined. Final settlements have been determined with Medicaid through fiscal 1982, Medicare through fiscal 1986, and Blue Cross through fiscal 1985.

(11) Long-term Debt

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

The following is a summary of general obligation bond transactions of the City for the year ended June 30, 1993:

	General Obligation	Enterprise Funds	Total
Bonds payable at June 30, 1992	$ 38,205,000	24,615,000	62,820,000
Debt retired: Serial bonds	7,875,000	3,340,000	11,215,000
Bonds payable at June 30, 1993	$ 30,330,000	21,275,000	51,605,000

Principal retirement of general obligation bonds is recorded in the general purpose financial statements as debt service expenditures of $4,980,000 and education expenditures of $2,895,000, totaling $7,875,000 of principal retirement costs.

(Continued)

CITY OF CAMBRIDGE, MASSACHUSETTS

Notes to General Purpose Financial Statements

June 30, 1993

The following is a summary of the composition of general long-term obligations outstanding at June 30, 1992 and 1993:

Description and Repayment Terms	Date of Obligation	Original Issue	Maturity Date	Interest Rates	Outstanding June 30, 1992	Additions	Retirements	Outstanding June 30, 1993
General purpose, serial maturities through June 15, 2002	6/15/87 to 6/15/92	$ 6,585,000	6/15/02	4.3% to 6.0%	$ 4,275,000	-	560,000	3,715,000
Urban redevelopment, serial maturities through June 15, 2002	7/1/85 to 6/15/92	26,465,000	6/15/02	4.3% to 7.0%	16,360,000	-	2,925,000	13,435,000
Schools, serial maturities through June 15, 2002	6/15/78 to 6/15/92	43,925,000	6/15/02	4.3% to 9.0%	11,655,000	-	2,835,000	8,820,000
Street reconstruction, serial maturities through June 15, 1999	6/15/87 to 6/15/89	6,500,000	6/15/99	5.6% to 6.5%	3,850,000	-	650,000	3,200,000
Water, serial maturities through October 15, 1996	9/1/72 to 12/15/82	13,165,000	10/15/96	4.7% to 9.2%	2,065,000	-	905,000	1,160,000
Total bonds		$ 96,640,000			38,205,000	-	7,875,000	30,330,000
Accrued compensated absences					8,549,834	-	2,570,711	5,979,123
Accrued pension costs					116,293,960	4,219,677	-	120,513,637
Total general long-term obligations					$ 163,048,794	4,219,677	10,445,711	156,822,760

(Continued)

The annual requirements to amortize all general long-term obligation bond debt outstanding as of June 30, 1993 are as follows:

Year ending June 30,	Principal	Interest	Total
1994	$ 7,175,000	1,687,354	8,862,354
1995	5,785,000	1,298,316	7,083,316
1996	5,315,000	979,199	6,294,199
1997	4,875,000	688,252	5,563,252
1998	3,255,000	417,858	3,672,858
Thereafter	3,925,000	433,258	4,358,258
	$ 30,330,000	5,504,237	35,834,237

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.

On May 21, 1993, the City entered into a loan agreement with the Massachusetts Water Pollution Abatement Trust (the "Trust") whereby the City will receive $6,589,035 of funds from the Trust as funding for the City's sewer separation project. The City will receive the loan proceeds in monthly intervals through May 1994 based on a loan disbursement schedule contained in the loan agreement which may be altered depending upon the timing of expenditures relating to the project. The City will receive $4,315,583 as part of a state subsidy for this loan and an additional $974,253 as an interest earnings subsidy. Net loan repayments, including interest, will be $3,037,075. Loan repayments commence on February 1, 1994 and end on August 1, 2008 with interest rates ranging from 2.35% to 5.5%. As of June 30, 1993, no amounts had been received by the City relating to this loan.

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, 1993, the City may issue approximately $167,665,000 additional general obligation debt under the normal debt limit. The City has approximately $19,650,000 of debt exempt from the debt limit.

(Continued)

Authorized and unissued debt at June 30, 1993, is as follows:

Payson Park	$ 1,000,000
Treatment Plant Renovations	3,000,000
School Renovations	4,000,000
Haggerty School	7,500,000
806 Mass. Avenue	2,000,000
Hoyt Field Renovations	1,000,000
Golf Course Renovations	1,000,000
City Hall Renovations	5,350,000
Hospital Building Construction	20,000,000
Sewer Separation Project	38,060,965
Agassiz School	11,000,000
	$ 93,910,965

At June 30, 1993, the City had grants receivable from the School Building Assistance Bureau (SBAB) of $12,764,594 to defray principal and interest costs related to $8,820,000 of school bonds outstanding. Grants are subject to annual appropriation by the State legislature. The amount of the grants is based on estimated construction costs of school projects which may be revised upon audit by the SBAB. During 1993, the City received $1,843,253 of such assistance. Assuming satisfactory audit results and annual appropriations by the State legislature, $2,613,488 will be received in 1994, $2,204,440 in 1995 and the balance will be received in subsequent years.

Enterprise Fund serial bond issues outstanding at June 30, 1993 were $9,675,000, $10,250,000 and $1,350,000 for the Cambridge Hospital, Water Fund and Neville Manor, respectively. Interest rates range from 5.6% to 7.0% for the Hospital, 4.3% to 6.6% for the Water Fund and 4.3% to 5.3% for Neville Manor. The weighted average interest rate was 6.2%, 6.5% and 5.0% for the Water, Hospital and Neville Manor Funds, respectively. Outstanding debt matures in subsequent fiscal years as follows:

	Principal	Interest	Total
1994	$ 3,340,000	1,313,678	4,653,678
1995	3,115,000	1,114,152	4,229,152
1996	3,115,000	923,038	4,038,038
1997	3,115,000	731,523	3,846,523
1998	2,765,000	535,938	3,300,938
Thereafter	5,825,000	512,363	6,337,363
	$ 21,275,000	5,130,692	26,405,692

(Continued)

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, 1993 and the City's 1993 assessment from each entity:

	Long-term debt outstanding (unaudited)	The City's estimated share	The City's estimated indirect debt	FY 1993 Assessment including debt service
MBTA	$ 2,015,405,000	4.89%	$ 98,535,166	$ 5,945,525
MWRA	1,708,730,000	5.06%	86,486,196	5,702,702
Middlesex County	2,805,000	7.86%	220,473	208,831

(12) Individual Fund Receivables/Payables and Deficits

Individual balances of amounts due from and to other funds at June 30, 1993 are as follows:

	Due from other funds	Due to other funds
General Fund	$ 2,197,079	
Special Revenue - Other Grants	15,529	
Capital Projects Fund	375,520	
Enterprise Funds:		
Hospital and Neighborhood Health Centers Fund	33,544	
Neville Manor Fund	521,728	
Water Fund		3,143,400
	$ 3,143,400	3,143,400

There were no individual fund deficits for fiscal year 1993.

(13) Fund Balances Reserved for Specific Purposes

Fund balances are reserved for the following purposes as of June 30, 1993:

General Fund:	
Sale of Real Estate (section 63 of Chapter 44 Massachusetts General Laws)	$ 48,657
Special Revenue Funds:	
School Grants	1,222,716
Fuel Assistance Grants	235,150
Other Grants	1,772,566
	$ 3,230,432

(Continued)

Trust Funds:	
Retirement	141,846,363
Stabilization	4,475,754
Health Claims	6,544,821
Housing	1,593,512
Cemetery Perpetual Care	1,360,511
School	78,742
Neville Manor	74,181
Library	140,234
Other Trust Funds	726,792
	$ 156,840,910

(14) Segment Information for Enterprise Funds

The City maintains Enterprise Funds which provide hospital, nursing home and water services. Segment information for the year ended June 30, 1993 follows:

	Hospital and Neighborhood Health Centers	Neville Manor	Water	Total
Operating revenues	$ 79,179,362	9,393,666	9,191,569	97,764,597
Operating income (loss)	362,761	(1,175,375)	2,824,104	2,011,490
Net operating transfers in (out)	9,009,845	834,000	(245,050)	9,598,795
Depreciation expense	2,864,305	79,396	1,205,907	4,149,608
Net income	9,390,997	(324,409)	1,860,454	10,927,042
Fixed assets	33,109,484	7,415,126	63,071,234	103,595,844
Net working capital (deficit)	(1,790,121)	2,710,643	460,976	1,381,498
Total assets	80,972,522	11,594,867	67,219,348	159,786,737
Long-term obligations	9,675,000	1,350,000	10,250,000	21,275,000
Retained earnings	52,488,249	3,163,386	53,282,210	108,933,845

(15) Commitments and Contingencies

See note 11 for a discussion of commitments by the City to the MWRA, MBTA, and Middlesex County.

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

(Continued)

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

The City participates in a number of federal financial assistance programs, principal of which are the Community Development Block Grant, Low Income Home Energy Assistance, National School Lunch, and numerous Education Grant programs. Although the City's grant programs have been audited in accordance with the provisions of the Single Audit Act through June 30, 1993, these programs are still subject to financial and compliance audits and resolution of previously identified questioned costs. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

(16) Pension Plan

(a) Plan Description

The City contributes to the City of Cambridge Employees' Retirement System ("System"), a single employer public employee retirement system that acts as the investment and administrative agent for the City. The City's payroll for employees covered by the System for the year ended June 30, 1993 was $118,930,065. Public school teachers are covered by the Commonwealth of Massachusetts Teachers' Retirement System (TRS), to which the City of Cambridge, Massachusetts does not contribute. The City's payroll for teachers covered by the TRS for the year ended June 30, 1993 was $39,065,398. The total payroll for the City was $157,995,463.

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

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

Retired and inactive	1,553
Active:	
Vested	1,408
Nonvested employees covered by the Plan	1,408
Total	4,369

(Continued)

The System and TRS provide for retirement allowance benefits up to a maximum of 80% of a member's highest three-year average annual rate of regular compensation. Benefit payments are based upon a member's age, length of creditable service, level of compensation and group classification. Members joining the System after January 1, 1979 were subject to a cap of $30,000 on the level of compensation upon which their benefit is calculated. Effective January 2, 1992, the $30,000 salary cap was removed.

Members of both systems become vested after 10 years of creditable service. A retirement allowance may be received upon reaching age 65 or upon attaining 20 years of service. The System and the TRS also provide for early retirement at age 55 if the participant (1) has a record of 10 years of creditable service, (2) was on the City payroll on January 1,1973, (3) voluntarily left City employment on or after that date, and (4) left accumulated annuity deductions in the fund. Active members contribute either 5, 7, or 8% of their gross regular compensation depending on the date upon which their membership began. With the removal of the $30,000 cap on January 2, 1992, employees hired after January 1, 1979 earning more than $30,000 annually, must contribute an additional 2% above these base amounts. The City is required to contribute the remaining amounts necessary to pay benefits when due.

The System also provides death and disability benefits.

(b) Significant Accounting Policies and Plan Assets

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

The investments of the System are valued as follows:

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

Stocks are reflected at the lower of cost or market.

The value of insurance contracts, consisting of pooled separate accounts, is determined by the insurance company on each valuation date.

Cash and investments of the System at December 31, 1992, are summarized as follows:

		Book value	Market value
Cash	$	19,309,717	19,309,717
Corporate bonds		26,753,171	26,484,347
Common stocks		63,096,706	72,311,791
U.S. Treasury notes		26,662,566	27,558,682
Insurance contracts		2,754,809	2,753,371
	$	138,576,969	148,417,908

(Continued)

(c) Funding Status and Progress

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

The pension benefit obligation was computed as part of an actuarial valuation performed as of January 1, 1993. Significant actuarial assumptions used in the valuation include (a) a discount rate of 8%, (b) a rate of return on the investment of present and future assets of 8% a year compounded annually, (c) projected salary and seniority and merit increases of 6%, and (d) no post-retirement benefit increases.

Total unfunded pension benefit obligation applicable to the City's employees was $135,201 at December 31, 1992, as follows (in thousands):

Pension Benefit Obligation:	
Retirees and beneficiaries currently receiving benefits and terminated employees not yet receiving benefits	$ 141,867
Current employees:	
Accumulated employee contributions, including allocated investment earnings	67,313
Employer-financed vested	35,424
Employer-financed nonvested	32,443
Total pension benefit obligation	277,047
Net assets available for benefits, at cost	141,846
Unfunded pension benefit obligation	$ 135,201

(d) Contribution Requirements and Contribution Made

The system's funding policy is governed by Section 22D of Chapter 32. Accordingly, the minimum contribution through June 30, 1996, is an amount approximating the pension benefit expected to be paid during the year ("pay-as-you-go" method) as determined by PERA. Subsequent to June 30, 1996, the members of the system are required to fund each year the actuarially determined normal cost plus an amount to amortize the unfunded liability by June 30, 2028. The Commonwealth of Massachusetts currently reimburses the system on a quarterly basis for the portion of benefits payments owing to cost-of-living increases granted after the implementation of Proposition 2-1/2.

The actuarially determined normal cost and unfunded accrued liability amortization were $5,604,000 and $7,346,000 for the fiscal year beginning July 1, 1993, a total of $12,950,000.

(Continued)

The City's required minimum contribution to the system was $13,966,981 for the year ended December 31, 1992. The City actually contributed $13,966,981 (12% of covered payroll) and employees contributed $8,283,788 (7% of covered payroll) for a total contribution of $22,250,769.

(e) Trend Information

Trend information gives an indication of the progress made in accumulating sufficient assets to pay benefits when due. Ten-year trend information may be found in the required supplementary schedules on pages 38 and 39 of the City's Comprehensive Annual Financial Report. For the years ended December 31, 1992, 1991 and 1990, available assets were sufficient to fund $141,846,363, $123,557,000 and $111,935,282 or 51%, 46% and 45% of the Pension Benefit Obligation, respectively. Unfunded Pension Benefit Obligation represented 114%, 125% and 136% of the annual payroll for employees covered by the system for 1993, 1992, and 1991, respectively. Showing unfunded pension benefit obligation as a percentage of annual covered payroll approximately adjusts for the effects of inflation for analysis purposes. In addition, for the three years ended June 30, 1993, 1992 and 1991, the City's contributions to the system, all made in accordance with the above requirements, were $13,966,981, $13,921,135 and $11,928,786 which is 12% of each year's annual covered payroll.

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

All retired employees eligible for pension benefits as well as teachers covered under the Commonwealth of Massachusetts Teachers Retirement System receive certain post-retirement benefits including major health, dental, and life insurance under M.G.L. Chapter 32 of the Massachusetts General Laws. The cost of the health insurance premiums is the City's responsibility. The City funds 75% of life insurance premiums, with the remaining 25% paid by the retiree. Dental insurance premiums are the retiree's responsibility but are available at the reduced group rate. The number of employees covered was 1,897. The City's cost of these post-retirement benefits for fiscal 1993 was $3,963,015 and is funded and accounted for on a pay-as-you-go basis.

(17) 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 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.

(Continued)

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(Continued)

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

The City's General Fund budget is prepared on a basis other than generally accepted accounting principles (GAAP basis). The actual results of operations in the Statement of Revenues 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).

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

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

	Revenues	Expenditures	Other Financing Sources (Uses)
As reported on a budgetary basis	$ 294,259,651	286,767,271	10,389,634
To reclassify Hospital operations to enterprise fund	(76,970,167)	(64,640,052)	(5,629,845)
To reclassify Neville Manor operations to enterprise fund	(9,610,240)	(9,844,895)	(684,000)
To reclassify Water Department operations to enterprise fund	(9,072,281)	(4,823,956)	3,638,650
To record revenue and other financing sources on a modified accrual basis of accounting	(8,103,339)	-	(2,703,170)
To adjust for encumbrances and continuing appropriations	-	(9,214,384)	-
As reported on GAAP basis	$ 190,503,624	198,243,984	5,011,269

(Continued)

(19) 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	$ 11,811,510	(11,811,510)				
Block grant	1,932,929	(3,340,702)	1,407,773			
Environmental funding	94,500	(84,500)		(10,000)		
Capital improvements	(2,250,000)		2,250,000			
Sewer Reconstruction	(545,000)		545,000			
Water overhead	235,050			(235,050)		
Hospital subsidy	(9,009,845)			9,009,845		
Neville Manor subsidy	(834,000)			834,000		
Health Claims Trust	3,830,000				(3,830,000)	
Ramsey Trust	1,125				(1,125)	
Cemetery Perpetual Care	45,000				(45,000)	
Community Response Trust	(300,000)				300,000	
HOME Salaries		75,400	(75,400)			
Library		4,506	(4,506)			
Expendable interest earnings					4,294	(4,294)
	$ 5,011,269	(15,156,806)	4,122,867	9,598,795	(3,571,831)	(4,294)

REQUIRED SUPPLEMENTARY INFORMATION

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

CITY OF CAMBRIDGE, MASSACHUSETTS

Employees' Retirement System

Required Supplementary Information

Analysis of Funding Progress
(in thousands)

June 30, 1993

Year	(1) Net assets available for benefits*	(2) Pension benefit obligation	(3) Percentage funded (1)/(2)	(4) Unfunded pension benefit obligation (2)-(1)	(5) Annual covered payroll	(6) Unfunded pension benefit obligation as a percentage of covered payroll (4)/(5)
1993	$ 141,846	$ 277,047	51%	$ 135,201	$ 118,930	114
1992	123,557	266,375	46	142,818	113,995	125
1991	111,936	251,541	45	139,605	102,592	136
1990	108,887	231,800	47	122,913	95,138	129
1989	96,324	212,083	45	115,759	87,919	132

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

Note: Information prior to 1988 is not available.

CITY OF CAMBRIDGE, MASSACHUSETTS

Employees' Retirement System

Required Supplementary Information
Revenues by Source and Expenses by Type

June 30, 1993

	Revenues by Source				
		Employer Contributions			
Year	Employee contributions	Dollar amount	Percentage of annual covered payroll	Other income	Total
1993	$ 8,283,788	$ 13,966,981	12%	$ 15,972,628	$ 38,223,397
1992	7,429,323	13,921,135	12	7,941,840	29,292,298
1991	5,972,699	11,928,786	12	2,794,060	20,695,545
1990	5,352,653	11,439,460	12	10,000,534	26,792,647
1989	4,788,252	10,877,135	12	5,792,612	21,457,999
1988	4,530,895	10,315,154	15	8,316,275	23,162,324
1987	4,128,139	10,867,977	12	8,383,230	23,379,346
1986	3,902,428	8,871,703	-	6,092,556	18,866,687
1985	3,496,863	8,975,097	-	4,930,030	17,401,990
1984	3,268,040	8,016,833	-	4,218,225	15,503,098

	Expenses by Type			
Year	Benefits	Administrative expenses	Refunds	Total
1993	$ 18,187,843	$ 234,651	$ 1,511,581	$ 19,934,075
1992	16,576,152	204,602	890,486	17,671,240
1991	15,895,406	281,051	1,470,345	17,646,802
1990	14,874,275	183,625	1,234,895	16,292,795
1989	14,724,007	177,040	1,515,602	16,416,649
1988	13,429,757	180,155	1,303,227	14,913,139
1987	13,164,057	163,714	1,211,495	14,539,266
1986	11,539,930	164,664	898,077	12,602,671
1985	10,720,775	148,425	972,267	11,841,467
1984	9,930,933	139,281	832,712	10,902,926

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

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SUPPLEMENTARY STATEMENTS AND SCHEDULES

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

SPECIAL REVENUE FUNDS

Community Development Block Grant

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

School Grants

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

Fuel Assistance

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

Parking Fund

Receipts from the Parking Fund, which consist primarily of meter collections, parking fines, and miscellaneous revenues, are recorded in this fund and support a wide range of City programs in accordance with Chapter 844 of the Massachusetts General Laws. In a similar manner to the Block Grant Funds, an amount equal to that which is appropriated 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, Library, and Hospital. Both the receipt and expenditure of these funds are accounted for in this fund.

CITY OF CAMBRIDGE, MASSACHUSETTS

Combining Balance Sheet

Special Revenue Funds

June 30, 1993

Assets	School Grants	Fuel Assistance	Parking Fund	Other Grants	Total
Cash and short-term investments	$ 1,257,518	237,509	4,332,487	5,742,507	11,570,021
Due from other governments	474,723	-	-	469,041	943,764
Due from other funds	-	-	-	15,529	15,529
Total assets	$ 1,732,241	237,509	4,332,487	6,227,077	12,529,314
Liabilities and Fund Equity					
Accrued liabilities	386,971	-	-	124,000	510,971
Deferred revenue	-	-	-	4,150,312	4,150,312
Total liabilities	386,971	-	-	4,274,312	4,661,283
Fund equity:					
Reserved for encumbrances	122,554	2,359	-	180,199	305,112
Reserved for specific purposes	1,222,716	235,150	-	1,772,566	3,230,432
Unreserved	-	-	4,332,487	-	4,332,487
Total fund equity	1,345,270	237,509	4,332,487	1,952,765	7,868,031
Total liabilities and fund equity	$ 1,732,241	237,509	4,332,487	6,227,077	12,529,314

CITY OF CAMBRIDGE, MASSACHUSETTS

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

Special Revenue Funds

Year ended June 30, 1993

		Community Development Block Grants	School Grants	Fuel Assistance	Parking Fund	Other Grants	Total
Revenues:							
Intergovernmental	$	3,340,702	6,096,560	1,672,312	-	1,769,099	12,878,673
Investment income		-	-	34,927	253,209	902	289,038
Other		-	1,926,498	100	11,352,475	262,740	13,541,813
Total revenues		3,340,702	8,023,058	1,707,339	11,605,684	2,032,741	26,709,524
Expenditures:							
Education		-	6,891,827	-	-	-	6,891,827
Fuel assistance		-	-	1,792,061	-	-	1,792,061
Other		-	-	-	-	1,934,487	1,934,487
Total expenditures		-	6,891,827	1,792,061	-	1,934,487	10,618,375
Excess (deficiency) of revenues over expenditures		3,340,702	1,131,231	(84,722)	11,605,684	98,254	16,091,149
Other financing (uses):							
Operating transfers to other funds		(3,340,702)	-	-	(11,896,010)	79,906	(15,156,806)
Excess (deficiency) of revenues over expenditures and transfers		-	1,131,231	(84,722)	(290,326)	178,160	934,343
Fund equity at beginning of year		-	214,039	322,231	4,622,813	1,774,605	6,933,688
Fund equity at end of year	$	-	1,345,270	237,509	4,332,487	1,952,765	7,868,031

ENTERPRISE FUNDS

Hospital and Neighborhood Health Centers Fund

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

Neville Manor Fund

This fund is used to account for the operations of the Neville Manor Nursing Home. The accrual basis of accounting requires that nursing home revenues be recorded at established rates charged less certain allowances and uncollectible amounts. Expenses are recorded as liabilities as incurred.

Water Fund

This fund is used to account for the operations and maintenance of the City's water system. Revenues are recorded primarily on the basis of charges issued for water services. Expenses for water department capital improvements as well as debt service on any bonds issued to finance those improvements are included in the Water Enterprise Fund.

CITY OF CAMBRIDGE, MASSACHUSETTS

Combining Balance Sheet

Enterprise Funds

June 30, 1993

Assets		Hospital and Neighborhood Health Centers	Neville Manor	Water	Total
Cash and short-term investments	$	6,233,937	2,026,929	2,719,865	10,980,731
Accounts receivable		24,171,035	1,553,087	1,597,115	27,321,237
Allowance for uncollectible receivables		(15,229,323)	-	(168,866)	(15,398,189)
Due from other funds		33,544	521,728	-	555,272
Due from other governments		212,236	-	-	212,236
Assets whose use is limited		31,917,681	-	-	31,917,681
Fixed assets		33,109,484	7,415,126	63,071,234	103,595,844
Other assets		523,928	77,997	-	601,925
Total assets	$	80,972,522	11,594,867	67,219,348	159,786,737
Liabilities and Retained Earnings					
Accrued liabilities:					
Compensated absences and accrued payroll	$	3,390,991	218,619	140,437	3,750,047
Accrued liabilities - other		2,222,697	530,550	403,301	3,156,548
Due to third parties		11,597,862	641,932	-	12,239,794
Due to other funds		-	-	3,143,400	3,143,400
Capital lease obligation		1,067,756	-	-	1,067,756
General obligation bonds payable		9,675,000	1,350,000	10,250,000	21,275,000
Total liabilities		27,954,306	2,741,101	13,937,138	44,632,545
Retained earnings		52,488,249	3,163,386	53,282,210	108,933,845
Contributed capital		529,967	5,690,380	-	6,220,347
		53,018,216	8,853,766	53,282,210	115,154,192
Total liabilities and retained earnings	$	80,972,522	11,594,867	67,219,348	159,786,737

CITY OF CAMBRIDGE, MASSACHUSETTS

Combining Statement of Revenues, Expenses and Changes in Retained Earnings

Enterprise Funds

Year ended June 30, 1993

		Hospital and Neighborhood Health Centers	Neville Manor	Water	Total
Operating revenues:					
Patient service revenue, net of allowances and uncollectible accounts	$	55,322,325	9,392,142	-	64,714,467
Charges for services		-	-	8,505,047	8,505,047
Other (note 6)		23,857,037	1,524	686,522	24,545,083
Total operating revenues		79,179,362	9,393,666	9,191,569	97,764,597
Operating expenses:					
Administration		674,967	668,216	1,720,727	3,063,910
Finance		3,835,220	-	-	3,835,220
Service and support programs		51,277,698	6,356,837	3,438,791	61,073,326
General services		10,273,126	2,576,511	-	12,849,637
Depreciation		2,864,305	79,396	1,205,907	4,149,608
Provision for bad debts		5,800,801	888,081	-	6,688,882
Other		4,090,484	-	2,040	4,092,524
Total operating expenses		78,816,601	10,569,041	6,367,465	95,753,107
Operating income (loss)		362,761	(1,175,375)	2,824,104	2,011,490
Non-operating revenues and expenses:					
Interest income		821,226	88,066	-	909,292
Interest expense		(802,835)	(71,100)	(718,600)	(1,592,535)
Income (loss) before operating transfers		381,152	(1,158,409)	2,105,504	1,328,247
Operating transfers from other funds		9,009,845	834,000	-	9,843,845
Operating transfers to other funds		-	-	(245,050)	(245,050)
Net income (loss)		9,390,997	(324,409)	1,860,454	10,927,042
Retained earnings:					
Beginning of year		43,097,252	3,487,795	51,421,756	98,006,803
End of year	$	52,488,249	3,163,386	53,282,210	108,933,845

CITY OF CAMBRIDGE, MASSACHUSETTS

Combining Statement of Cash Flows

Enterprise Funds

Year ended June 30, 1993

		Hospital and Neighborhood Health Centers	Neville Manor	Water	Total
Cash flows from operating activities:					
Operating income (loss)	$	362,761	(1,175,375)	2,824,104	2,011,490
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:					
Depreciation		2,864,305	79,396	1,205,907	4,149,608
Provision for bad debts		5,800,801	888,081	-	6,688,882
Capital contribution		8,956	-	-	8,956
Change in assets and liabilities:					
Accounts receivable		(5,114,699)	(191,492)	(63,086)	(5,369,277)
Interfund receivables		629,887	(204,313)	-	425,574
Due from other governments		(212,236)	-	-	(212,236)
Other assets		(81,851)	(9,679)	-	(91,530)
Accrued liabilities		212,774	190,065	412,404	815,243
Due to third parties		8,086,238	320,000	-	8,406,238
Interfund payables		-	-	1,416,304	1,416,304
Net cash provided by (used for) operating activities		12,556,936	(103,317)	5,795,633	18,249,252
Cash flows from noncapital financing activities:					
Operating transfer-in from general fund		9,009,845	834,000	-	9,843,845
Operating transfer-out to general fund		-	-	(245,050)	(245,050)
Net cash provided by (used for) noncapital financing activities		9,009,845	834,000	(245,050)	9,598,795
Cash flows from capital and related financing activities:					
Acquisition of capital assets		(5,510,552)	(359,864)	(2,672,506)	(8,542,922)
Principal paid on revenue bonds		(1,715,000)	(150,000)	(1,475,000)	(3,340,000)
Interest paid on revenue bonds		(802,835)	(71,100)	(718,600)	(1,592,535)
Payments on capital lease obligation		(114,494)	-	-	(114,494)
Net cash provided by (used for) capital and related financing activities		(8,142,881)	(580,964)	(4,866,106)	(13,589,951)
Cash flows from investing activities:					
Investments in assets whose use is limited		(31,917,681)	-	-	(31,917,681)
Interest income		821,226	88,066	-	909,292
Net cash provided by (used for) investing activities		(31,096,455)	88,066	-	(31,008,389)
Net increase (decrease) in cash and cash equivalents		(17,672,555)	237,785	684,477	(16,750,293)
Cash and cash equivalents at beginning of year		23,906,492	1,789,144	2,035,388	27,731,024
Cash and cash equivalents at end of year	$	6,233,937	2,026,929	2,719,865	10,980,731

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, 1993

	Pension Trust Funds	Nonexpendable Trust Funds					Expendable Trust Funds									
	Retirement Trust Fund	School Fund	Neville Manor Fund	Library Fund	Cemetery Funds	Other Fund	School Fund	Neville Manor Fund	Library Fund	Cemetery Fund	Health Claims Trust Fund	Stabilization Trust Fund	Housing Funds	Other Funds	Agency Funds	Total
Assets																
Cash and short-term investments	$ 19,309,717	24,164	25,733	44,205	232,249	64,100	54,578	48,448	81,029	128,628	1,541,922	476,642	1,370,612	662,692	1,196,701	25,261,420
Other investments	119,267,252	-	-	10,000	999,634	-	-	-	5,000	-	5,002,899	3,999,112	-	-	16,174,822	145,458,719
Accounts receivable	255,773	-	-	-	-	-	-	-	-	-	-	-	-	-	-	255,773
Due from other governments	1,806,984	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,806,984
Other assets	1,533,828	-	-	-	-	-	-	-	-	-	-	-	222,900	-	-	1,756,728
Total assets	$ 142,173,554	24,164	25,733	54,205	1,231,883	64,100	54,578	48,448	86,029	128,628	6,544,821	4,475,754	1,593,512	662,692	17,371,523	174,539,624
Liabilities and Fund Equity																
Other accrued liabilities	$ 327,191	-	-	-	-	-	-	-	-	-	-	-	-	-	-	327,191
Guarantee deposits and amounts due to other taxing authorities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,196,701	1,196,701
Deferred compensation (note 17)															16,174,822	16,174,822
Total liabilities	327,191	-	-	-	-	-	-	-	-	-	-	-	-	-	17,371,523	17,698,714
Fund balance:																
Reserved for specific purposes	141,846,363	24,164	25,733	54,205	1,231,883	64,100	54,578	48,448	86,029	128,628	6,544,821	4,475,754	1,593,512	662,692	-	156,840,910
Total fund balance	141,846,363	24,164	25,733	54,205	1,231,883	64,100	54,578	48,448	86,029	128,628	6,544,821	4,475,754	1,593,512	662,692	-	156,840,910
Total liabilities and fund equity	$ 142,173,554	24,164	25,733	54,205	1,231,883	64,100	54,578	48,448	86,029	128,628	6,544,821	4,475,754	1,593,512	662,692	17,371,523	174,539,624

CITY OF CAMBRIDGE, MASSACHUSETTS

Combining Statement of Revenues, Expenses and Changes in Fund Equity

Pension and Nonexpendable Trust Funds

Year ended June 30, 1993

	Pension Trust Funds	Nonexpendable Trust Funds					
	Retirement Trust Fund	School Fund	Neville Manor Fund	Library Fund	Cemetary Funds	Other Funds	Total
Revenues:							
Income from employer and member contributions	$ 24,817,642	-	-	-	-	-	-
Donations	-	-	-	175	35,450	-	35,625
Investment income	6,486,485	555	590	1,677	-	1,472	4,294
Net gain on sale of investment	6,767,552	-	-	-	-	-	-
Bond amortization	151,718	-	-	-	-	-	-
Total operating revenues	38,223,397	555	590	1,852	35,450	1,472	39,919
Expenses:							
Pension plan benefits payments	19,699,424	-	-	-	-	-	-
Other	234,651	-	-	-	-	-	-
Total operating expenditures	19,934,075	-	-	-	-	-	-
Income before operating transfers	18,289,322	555	590	1,852	35,450	1,472	39,919
Operating transfers from other funds	-	(555)	(590)	(1,677)	-	(1,472)	(4,294)
Net income	18,289,322	-	-	175	35,450	-	35,625
Fund equity at beginning of year	123,557,041	24,164	25,733	54,030	1,196,433	64,100	1,364,460
Fund equity at end of year	$ 141,846,363	24,164	25,733	54,205	1,231,883	64,100	1,400,085

CITY OF CAMBRIDGE, MASSACHUSETTS

Combining Statement of Cash Flows

Nonexpendable Trust Funds

Year ended June 30, 1993

		Nonexpendable Trust Funds					
		School Fund	Neville Manor Fund	Library Fund	Cemetery Fund	Other Funds	Total
Cash flows from operating activities:							
Operating income	$	555	590	1,852	35,450	1,472	39,919
Cash flows from noncapital financing activities:							
Operating transfer - out to expendable trust		(555)	(590)	(1,677)	-	(1,472)	(4,294)
Cash flows from investing activities:							
Proceeds from sale of investments		-	-	4,019	-	-	4,019
Net increase in cash and cash equivalents		-	-	4,194	35,450	-	39,644
Cash and cash equivalents at beginning of year		24,164	25,733	40,011	196,799	64,100	350,807
Cash and cash equivalents at end of year	$	24,164	25,733	44,205	232,249	64,100	390,451

CITY OF CAMBRIDGE

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

Expendable Trust Funds

Year ended June 30, 1993

	Expendable Trust Funds								
	School Fund	Neville Manor Fund	Library Fund	Cemetery Fund	Health Claims Trust Fund	Stabilization Trust Fund	Housing Fund	Other Funds	Total
Revenues:									
Investment income	$ 1,065	1,101	3,158	82,032	206,957	252,392	37,264	10,904	594,873
Donations	14,669	-	20,515	-	823,983	-	133,358	44,944	1,037,469
Other	-	-	-	-	-	-	120,000	-	120,000
Total revenues	15,734	1,101	23,673	82,032	1,030,940	252,392	290,622	55,848	1,752,342
Expenditures:									
Community maintenance and development	-	-	-	-	-	-	233,600	-	233,600
Other	1,400	3,815	7,257	27,561	5,257	-	32,953	39,872	118,115
Total expenditures	1,400	3,815	7,257	27,561	5,257	-	266,553	39,872	351,715
Excess (deficiency) of revenues over expenditures	14,334	(2,714)	16,416	54,471	1,025,683	252,392	24,069	15,976	1,400,627
Operating transfers from other funds	555	590	1,677	-	-	-	-	301,472	304,294
Operating transfers to other funds	-	-	-	(45,000)	(3,830,000)	-	-	(1,125)	(3,876,125)
Excess (deficiency) of revenue over expenditures and transfers	14,889	(2,124)	18,093	9,471	(2,804,317)	252,392	24,069	316,323	(2,171,204)
Fund equity at beginning of year	39,689	50,572	67,936	119,157	9,349,138	4,223,362	1,569,443	346,369	15,765,666
Fund equity at end of year	$ 54,578	48,448	86,029	128,628	6,544,821	4,475,754	1,593,512	662,692	13,594,462

CITY OF CAMBRIDGE, MASSACHUSETTS

Combining Statement of Changes in Assets and Liabilities Agency Funds

Year ended June 30, 1993

Assets	Balance June 30, 1992	Additions	Deductions	Balance June 30, 1993
Cash:				
Contract bids	$ 11,680	38,885	19,730	30,835
Plans	2,165	-	-	2,165
Tree removals	485	-	-	485
Driveways	64,931	205,248	135,000	135,179
Street openings	53,439	58,300	14,920	96,819
Sidewalk openings	150	-	-	150
In lieu of bond	70,645	-	-	70,645
License commission	27,546	20,650	21,247	26,949
Cambridge police detail	(140,905)	2,215,012	2,207,343	(133,236)
Cambridge fire detail	341	15,328	15,441	228
Dog licenses	(911)	-	-	(911)
Sporting licenses	392	12,275	12,404	263
Dog officer	570	-	-	570
Constable fees	158	97,377	98,850	(1,315)
Meal tax agency	36,619	2,000	-	38,619
Senior cab	4,279	-	-	4,279
Water service renewal	17,422	-	-	17,422
Undistributed interest	3,808	-	-	3,808
Purchase of trees	3,580	16,488	17,274	2,794
Accident & Life Insurance	244,106	187,865	197,193	234,778
Medicare	3,154	19	-	3,173
Car seat program	1,539	-	-	1,539
Deferred compensation	1,410	-	-	1,410
Commonwealth Health	(10,701)	-	-	(10,701)
Legal fees	10,385	11,251	-	21,636
Retirement office payroll	62,276	148	148	62,276
Optional Boston Mutual	(11,276)	11,276	-	-
New England Life	14,940	4,289	1,000	18,229
Continental Casualty	(3,695)	5,340	7,825	(6,180)
Teacher Insurance Reimbursement	4,940	-	-	4,940
Teachers Retirement	93,388	37,950	94	131,244
Excise Registry Fees	13,857	-	-	13,857
3 Bidglow Contingency Fund	26,589	8,220	-	34,809
Retroactive Wages	1,784	-	-	1,784
Land Court Fees	4,852	4,633	-	9,485
Choke Program	1,322	330	170	1,482
Unclaimed checks	319,573	-	-	319,573
Stop payments	-	22,781	-	22,781
Sewer abatement appraisal fee	-	4,010	-	4,010
Twelve Mt. Auburn	-	25,000	-	25,000
Arts Council	-	5,828	-	5,828
Deferred compensation	-	16,174,822	-	16,174,822
Total	$ 934,837	19,185,325	2,748,639	17,371,523

CITY OF CAMBRIDGE, MASSACHUSETTS

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

Year ended June 30, 1993

Liabilities	Balance June 30, 1992	Additions	Deductions	Balance June 30, 1993
Guarantee deposits and amounts due other taxing authorities:				
Contract bids	$ 11,680	38,885	19,730	30,835
Plans	2,165	-	-	2,165
Tree removals	485	-	-	485
Driveways	64,931	205,248	135,000	135,179
Street openings	53,439	58,300	14,920	96,819
Sidewalk openings	150	-	-	150
In lieu of bond	70,645	-	-	70,645
License commission	27,546	20,650	21,247	26,949
Cambridge police detail	(140,905)	2,215,012	2,207,343	(133,236)
Cambridge fire detail	341	15,328	15,441	228
Dog licenses	(911)	-	-	(911)
Sporting licenses	392	12,275	12,404	263
Dog officer	570	-	-	570
Constable fees	158	97,377	98,850	(1,315)
Meal tax agency	36,619	2,000	-	38,619
Senior cab	4,279	-	-	4,279
Water service renewal	17,422	-	-	17,422
Undistributed interest	3,808	-	-	3,808
Purchase of trees	3,580	16,488	17,274	2,794
Accident & Life Insurance	244,106	187,865	197,193	234,778
Medicare	3,154	19	-	3,173
Car seat program	1,539	-	-	1,539
Deferred compensation	1,410	-	-	1,410
Commonwealth Health	(10,701)	-	-	(10,701)
Legal fees	10,385	11,251	-	21,636
Retirement office payroll	62,276	148	148	62,276
Optional Boston Mutual	(11,276)	11,276	-	-
New England Life	14,940	4,289	1,000	18,229
Continental Casualty	(3,695)	5,340	7,825	(6,180)
Teacher Insurance Reimbursement	4,940	-	-	4,940
Teachers Retirement	93,388	37,950	94	131,244
Excise Registry Fees	13,857	-	-	13,857
3 Bidglow Contingency Fund	26,589	8,220	-	34,809
Retroactive Wages	1,784	-	-	1,784
Land Court Fees	4,852	4,633	-	9,485
Choke Program	1,322	330	170	1,482
Unclaimed checks	319,573	-	-	319,573
Stop payments	-	22,781	-	22,781
Sewer abatement appraisal fee	-	4,010	-	4,010
Twelve Mt. Auburn	-	25,000	-	25,000
Arts Council	-	5,828	-	5,828
	934,837	3,010,503	2,748,639	1,196,701
Deferred compensation	-	16,174,822	-	16,174,822
Total	$ 934,837	19,185,325	2,748,639	17,371,523

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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, 1993.

CITY OF CAMBRIDGE, MASSACHUSETTS

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

Year ended June 30, 1993

	Uncollected June 30, 1992	Commitments	Abatements	Transfers to Tax Title	Refunds	Collections	Adjustments Increase (decrease)	Uncollected June 30, 1993
Real estate taxes:								
1979 and prior	$ 163,652	-	-	-	-	-	760	164,412
1980	34,139	-	-	-	-	-	2,180	36,319
1981	38,007	-	-	-	-	(2,017)	3,644	43,668
1982	39,891	-	-	-	-	66	383	40,208
1983	81,375	-	-	-	-	2,021	1,098	80,452
1984	51,795	-	-	-	-	-	(19,274)	32,521
1985	37,433	-	-	-	-	-	-	37,433
1986	16,723	-	-	-	-	4,859	(2,435)	9,429
1987	10,060	-	-	-	-	-	(6,265)	3,795
1988	8,914	-	-	-	9,425	740	(16,855)	744
1989	21,811	-	-	-	-	1,056	(16,501)	4,254
1990	2,658	-	377,213	-	481,440	974	(77,574)	28,337
1991	116,371	-	1,764,132	-	1,877,906	2,147	(79,634)	148,364
1992	8,316,391	-	2,616,715	6,199,978	2,777,942	1,962,490	(310,017)	5,133
1993	-	127,992,139	2,727,842	-	173,233	118,447,476	312,515	7,302,569
	8,939,220	127,992,139	7,485,902	6,199,978	5,319,946	120,419,812	(207,975)	7,937,638
Personal property taxes:								
1988	187,729	-	492	-	603	-	(1)	187,839
1989	159,813	-	469	-	1,266	542	1	160,069
1990	155,678	-	339	-	8,585	-	-	163,924
1991	151,517	-	366	-	2,013	502	2	152,664
1992	213,275	-	1,305	-	32,330	62,567	(1,215)	180,518
1993	-	5,724,208	15,007	-	27,252	5,507,272	1,213	230,394
	868,012	5,724,208	17,978	-	72,049	5,570,883	-	1,075,408
Motor vehicle excise taxes:								
1986	129,975	-	453	-	5	5,900	(27)	123,600
1987	213,270	-	2,222	-	295	20,009	(258)	191,076
1988	232,380	-	285	-	34	12,015	69	220,183
1989	296,098	261	335	-	48	18,445	(105)	277,522
1990	273,265	79	1,295	-	191	31,156	(686)	240,398
1991	427,557	10,428	12,663	-	5,694	155,616	(10,278)	265,122
1992	463,516	795,315	43,477	-	24,811	991,125	(16,524)	232,516
1993	-	2,535,583	65,923	-	20,745	2,144,591	1,674	347,488
	$ 2,036,061	3,341,666	126,653	-	51,823	3,378,857	(26,135)	1,897,905

CITY OF CAMBRIDGE, MASSACHUSETTS

Schedule of Bonds Payable

June 30, 1993

	Interest Rates	Issue Dates	Final Maturity Date	Balance June 30, 1992	Additions	Retired	Balance June 30, 1993
Inside Debt Limit:							
Surface drainage loan	4.7%	9/1/72	9/1/92	$ 15,000	-	15,000	-
Surface drainage loan	5.4	10/15/76	10/15/96	375,000	-	75,000	300,000
Multi-purpose	5.6-5.7	6/15/87	6/15/97	3,550,000	-	710,000	2,840,000
Multi-purpose	6.4-6.5	6/15/89	6/15/99	7,700,000	-	1,100,000	6,600,000
Multi-purpose	6.4-6.6	6/15/90	6/15/00	9,600,000	-	1,200,000	8,400,000
Multi-purpose	5.8-6.4	6/15/91	6/15/01	2,950,000	-	360,000	2,590,000
Multi-purpose	4.3-5.3	6/15/92	6/15/02	8,680,000	-	1,165,000	7,515,000
Sewer Loan	9.1-9.2	12/15/82	12/15/92	500,000	-	500,000	-
Lechmere Canal Park Loan	7.0	7/1/85	7/1/95	1,750,000	-	450,000	1,300,000
Hospital loan (Boiler renovations)	7.0	7/1/85	7/1/93	460,000	-	230,000	230,000
Lechmere Parking Garage	6.1-6.2	7/1/86	7/1/94	270,000	-	90,000	180,000
Building Renovations	5.9-6.4	6/15/88	6/15/98	1,805,000	-	305,000	1,500,000
Streets and Sidewalks	5.9-6.4	6/15/88	6/15/98	600,000	-	100,000	500,000
Total Inside Debt Limit				38,255,000	-	6,300,000	31,955,000
Outside Debt Limit							
School:							
High School Loan	5.7	6/15/78	6/15/98	6,930,000	-	1,155,000	5,775,000
School Project Loan	7.2	2/15/84	11/15/93	400,000	-	200,000	200,000
School Project Loan	9.0	8/1/84	8/1/93	1,925,000	-	1,000,000	925,000
School Building Renovation	5.6-5.7	6/15/87	6/15/97	900,000	-	180,000	720,000
				10,155,000	-	2,535,000	7,620,000
Parking:							
Lechmere Parking Garage	7.0	7/1/85	7/1/93	520,000	-	260,000	260,000
Lechmere Parking Garage	6.1-6.2	7/1/86	7/1/94	990,000	-	330,000	660,000
				1,510,000	-	590,000	920,000
Sewer Projects:							
Sewer Loan	5.4	10/15/76	10/15/96	1,075,000	-	215,000	860,000
Sewer Loan	4.7	9/1/72	9/1/92	100,000	-	100,000	-
				1,175,000	-	315,000	860,000
Water Projects:							
Reservoir Cover	6.4-6.5	6/15/89	6/15/99	700,000	-	100,000	600,000
Reservoir Cover	6.4-6.5	6/15/90	6/15/00	6,400,000	-	800,000	5,600,000
Reservoir Cover	5.8-6.0	6/15/91	6/15/01	3,625,000	-	375,000	3,250,000
Reservoir Cover	4.3-5.3	6/15/92	6/15/02	1,000,000	-	200,000	800,000
				11,725,000	-	1,475,000	10,250,000
Total Outside Debt Limit				24,565,000	-	4,915,000	19,650,000
				62,820,000	-	11,215,000	51,605,000

CITY OF CAMBRIDGE, MASSACHUSETTS

Schedule of General Fixed Assets - by Function and Activity

Year ended June 30, 1993

Function and Activity	Total	Land	Buildings	Improvements Other Than Buildings	Equipment
General Government:					
Control:					
Legislative	$ 32,263	-	-	-	32,263
Executive	134,793	-	-	-	134,793
Total Control	167,056	-	-	-	167,056
Staff Agencies:					
Elections	37,292	-	-	-	37,292
Finance	1,328,584	-	-	-	1,328,584
Law	52,467	-	-	-	52,467
Employee Benefits	2,091	-	-	-	2,091
Animal Commission	5,429	-	-	-	5,429
Public Celebrations	4,417	-	-	-	4,417
Total Staff Agencies	1,430,280	-	-	-	1,430,280
Total General Government	1,597,336	-	-	-	1,597,336
Public Safety:					
Building Inspection	3,376	-	-	-	3,376
License	15,107	-	-	-	15,107
Weights and measures	10,219	-	-	-	10,219
Emergency Management	18,449	-	-	-	18,449
Fire Protection	8,280,777	3,274,675	1,806,228	-	3,199,874
Police Protection	3,449,339	999,803	483,994	-	1,965,542
Traffic and Parking	21,210,139	1,952,080	18,095,215	-	1,162,844
Electrical	633,497	50,000	147,315	-	436,182
Total Public Safety	33,620,903	6,276,558	20,532,752	-	6,811,593
Community Maintenance and Development:					
Public Works	44,687,160	23,350,662	11,223,663	5,445,828	4,667,007
Community Development	2,055,630	-	-	1,884,661	170,969
Historical Commission	122,639	-	-	47,041	75,598
Conservation Commission	75	-	-	-	75
Rent Control	73,700	-	-	-	73,700
Cable Television	125,388	-	-	-	125,388
Total Community Maintenance and Development	47,064,592	23,350,662	11,223,663	7,377,530	5,112,737
Human Resource Development:					
Library	1,716,651	125,000	1,098,556	-	493,095
Human Services	89,366,233	87,242,253	327,377	1,225,843	570,760
Human Rights Commission	7,347	-	-	-	7,347
Women's Commission	4,332	-	-	-	4,332
Health Department/School Health	8,253	-	-	-	8,253
Veteran's Benefits	4,285	-	-	-	4,285
Total Human Resources	91,107,101	87,367,253	1,425,933	1,225,843	1,088,072
Public Schools	100,426,463	55,067,765	39,808,074	848,786	4,701,838
Construction in Progress	698,484	-	-	-	-
Total General Fixed Assets	$ 274,514,879	172,062,238	72,990,422	9,452,159	19,311,576

CITY OF CAMBRIDGE, MASSACHUSETTS

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

Year Ended June 30, 1993

Function and Activity	General Fixed Assets June 30, 1992	Additions	Disposals	General Fixed Assets June 30, 1993
General Goverment				
Control:				
Legislative	$ 32,263	-	-	32,263
Executive	62,015	72,778	-	134,793
Total Control	94,278	72,778	-	167,056
Staff Agencies:				
Elections	37,292	-	-	37,292
Finance	1,373,398	1,646	46,460	1,328,584
Law	52,467	-	-	52,467
Employee Benefits	2,091	-	-	2,091
Animal Commission	5,429	-	-	5,429
Public Celebrations	7,676	-	3,259	4,417
Total Staff Agencies	1,478,353	1,646	49,719	1,430,280
Total General Government	1,572,631	74,424	49,719	1,597,336
Public Safety:				
Building Inspection	3,376	-	-	3,376
License	15,107	-	-	15,107
Weights & Measures	10,219	-	-	10,219
Emergency Management	8,293	10,156	-	18,449
Fire Protection	8,172,618	108,159	-	8,280,777
Police Protection	2,900,918	548,421	-	3,449,339
Traffic and Parking	21,107,803	102,336	-	21,210,139
Electrical	633,497	-	-	633,497
Total Public Safety	32,851,831	769,072	-	33,620,903
Community Maintenance and and Development:				
Pubic Works	41,401,678	3,442,212	156,730	44,687,160
Community Development	2,055,630	-	-	2,055,630
Historical Commission	38,701	83,938	-	122,639
Conservation Commission	75	-	-	75
Rent Control	75,283	-	1,583	73,700
Cable Television	100,878	24,510	-	125,388
Total Community Maintenance and Development	43,672,245	3,550,660	158,313	47,064,592
Human Resource Development:				
Library	1,629,980	89,757	3,086	1,716,651
Human Services	89,093,108	273,125	-	89,366,233
Human Rights Commission	7,347	-	-	7,347
Women's Commission	4,332	-	-	4,332
Health Department/School Health	8,253	-	-	8,253
Veteran's Benefits	4,285	-	-	4,285
Total Human Resource	90,747,305	362,882	3,086	91,107,101
Public School	100,426,463	-	-	100,426,463
Construction in Progress	544,878	698,484	544,878	698,484
Total General Fixed Assets	269,815,353	5,455,522	755,996	274,514,879

APPENDIX B

PROPOSED FORM OF LEGAL OPINION

PALMER & DODGE

One Beacon Street
Boston, Massachusetts 02108

Telephone: (617) 573-0100 Facsimile: (617) 227-4420

(Date of Delivery)

James P. Maloney, Jr.
City Treasurer
City of Cambridge
Cambridge, Massachusetts

(Cambridge Municipal Purpose Loan of 1994 Bonds)

We have examined the law, a certified copy of proceedings and other papers relating to the issue of $13,350,000 Municipal Purpose Loan of 1994 Bonds dated Februuary 1, 1994, by the City of Cambridge, Massachusetts. The bonds are payable on February 1 of the years and in the principal amounts and bear interest at the respective rates, as follows:

Year	Principal Amount	Interest Rate	Year	Principal Amount	Interest Rate
1995	$1,335,000	%	2000	$1,335,000	%
1996	1,335,000		2001	1,335,000	
1997	1,335,000		2002	1,335,000	
1998	1,335,000		2003	1,335,000	
1999	1,335,000		2004	1,335,000	

The bonds are immobilized in the custody of The Depository Trust Company and a book entry system is being used to evidence ownership and transfer on the records of The Depository Trust Company and its participants.

On the basis of this examination we are of the opinion, as of the date hereof and under existing law, as follows:

(1) The bonds are valid general obligations of the City of Cambridge and except to the extent they are paid from other sources the principal of and interest on the bonds are payable from taxes which may be levied upon all taxable property in the City, subject to the limit imposed by Chapter 59, Section 21C of the General Laws.

(2) The bonds are exempt from local property taxes in Massachusetts and the interest thereon is exempt from Massachusetts personal income taxes, although the bonds and the interest thereon may be included in the measure of Massachusetts estate and inheritance taxes and of certain Massachusetts corporate excise and franchise taxes.

(3) The interest on the bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of computing the alternative minimum tax imposed on individuals and corporations under the Internal Revenue Code of 1986, as amended (the "Code"); it should be noted, however, that interest on the bonds is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes). The opinions set forth in the preceding sentence are subject to the condition that the City comply with all requirements of the Code that must be satisfied subsequent to the issuance for the bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The City has covenanted to comply with these requirements. Failure to comply with certain of these requirements may cause the inclusion of interest on the bonds in gross income for federal income tax purposes to be retroactive to the date of issuance of the bonds. We express no opinion regarding any other federal tax consequences arising with respect to the bonds.

The rights of the holders of the bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

Yours faithfully,

NOTICE OF SALE

CITY OF CAMBRIDGE
MASSACHUSETTS

$13,350,000
GENERAL OBLIGATION BONDS
MUNICIPAL PURPOSE LOAN OF 1994

Time and Place of Sale

The City of Cambridge, Massachusetts, will receive sealed proposals until 11:00 a.m. (local time) on Tuesday, February 1, 1994 at Cambridge City Hall, First Floor, Office of the Treasurer, Cambridge, Massachusetts 02139 for the purchase of the following described general obligation Bonds of the City dated February 1, 1994:

$13,350,000 MUNICIPAL PURPOSE LOAN OF 1994, payable February 1, $1,335,000 in 1995 through 2004.

Form and Payment of Bonds

Principal of the Bonds will be payable on February 1 of the years in which the Bonds mature. Interest will be payable semiannually on February 1 and August 1, commencing August 1, 1994. Interest will be computed on the basis of a 360-day year of twelve 30-day months. The Bonds are not subject to redemption prior to their stated maturities.

The Bonds are issuable only as fully registered Bonds without coupons and, when issued, will be registered in the name of Cede & Co., as Bondowner and nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Bonds. Purchases of the Bonds will be made in book-entry form, in the denomination of $5,000 each and integral multiples thereof. Purchasers will not receive certificates representing their interest in Bonds purchased. So long as Cede & Co. is the Bondowner, as nominee of DTC, references herein to the Bondowners or registered owners shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners (as defined herein) of the Bonds. (See "Book-Entry Only System" herein.)

So long as DTC or its nominee, Cede & Co., is the Bondowner, payments of principal and semiannual interest on the Bonds will be made directly to such Bondowner. Disbursement of such payments to the DTC Participants is the responsibility of DTC and disbursements of such payments to the Beneficial Owners is the responsibility of the DTC Participants and the indirect Participants, as more fully described herein.

Legal Opinion

The approving opinion of Messrs. Palmer & Dodge, Boston, Massachusetts, Bond Counsel, with respect to this issue shall be furnished to the successful bidder at the expense of the City. The legal opinion will state that the Bonds constitute valid general obligations of the City. The original opinion of Bond Counsel and copies of the supporting documents incident to the Bonds will be available for inspection at the offices of the City Treasurer.

Bidding Rules

Each bid must be unconditional and must be for all of the Bonds herein described. All bids should be sealed and marked "Proposal for Bonds" and addressed to Mr. James P. Maloney, Jr., Treasurer, City of Cambridge, 795 Massachusetts Avenue, First Floor, Cambridge, Massachusetts 02139. A good faith deposit is not required.

Bidders shall state the rate or rates of interest per annum which the Bonds are to bear in multiples of ⅛ or ½₀ of 1 percent, but shall not state (a) more than one interest rate for any Bonds having like maturity, (b) any interest rate which is less than the interest rate stated for any other Bonds having an earlier maturity, or (c) any interest rate which exceeds the interest rate stated for any other Bonds by more than 4 percent. No bid of less than par or more than 103 percent of par and accrued interest to date of delivery will be considered.

Basis of Awarding Bonds

The City reserves the right to reject any and all bids and to reject any bid not complying with this Notice of Sale, and so far as permitted by law, to waive any irregularity with respect to any proposal. Unless all bids are rejected, the Bonds will be awarded to the bidder complying with this Notice of Sale and submitting a bid, which provides the lowest "true" or "Canadian" interest cost. True (Canadian) interest cost shall be determined by doubling the semiannual interest rate, compounded semiannually, necessary to discount the debt service payment to February 1, 1994, and to the price bid, excluding interest accrued to the delivery date. If more than one bid offers the same lowest true (Canadian) interest cost, the successful bid will be selected by lot. The award is subject to approval by the City Manager.

Interest Calculation

Each bid shall be accompanied by a statement of the true (Canadian) interest cost offered in its bid statement in accordance with the above method of calculation (computed at six decimal places), but such statement shall not be considered to be part of the bid.

Delivery of the Bonds: Closing Certificates

It shall be a condition to the obligation of the successful bidder to accept delivery of and pay for the Bonds that he shall be furnished, without cost, with: (a) the approving opinion of the firm of Palmer & Dodge, substantially in the form presented in Appendix B to the Preliminary Official Statement dated January 14, 1994; (b) a certificate in form satisfactory to said firm, dated as of the date of delivery of the Bonds and receipt of payment thereof, to the effect that there is no litigation pending or, to the knowledge of the signers thereof, threatened affecting the validity of the Bonds or the power of the City to levy and collect taxes to pay them; and (c) a certificate of the City Treasurer and City Auditor to the effect that, to the best of their knowledge and belief, both as of the date of sale and of the date of delivery of the Bonds, the Official Statement referred to below does not contain any untrue statement of a material fact and does not omit to state a material fact necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading.

The Bonds, in definitive form, will be delivered to The Depository Trust Company in New York, New York on or about February 22, 1994.

Official Statement

The City will furnish the successful bidder, without cost, with up to 300 copies of the Final Official Statement within seven business days from the date of the award of sale, as specified in Rule 15c2-12 of the Securities and Exchange Commission. Additional copies will be made available at the successful bidder's request and expense. The City assumes no responsibility or obligation for the distribution or delivery of any copies of the Official Statement to anyone other than the successful bidder.

Additional Information

Additional information concerning the City of Cambridge and the Bonds is contained in the Preliminary Official Statement dated January 14, 1994 to which the prospective bidders are directed. The Preliminary Official Statement is provided for informational purposes only and is not a part of this Notice of Sale. The Preliminary Official Statement has been deemed final by the City except for the omission of the reoffering prices, interest rates, and other terms of the Bonds depending on such matters, and the identity of the underwriters, but is subject to change without notice and to completion or amendment in a Final Official Statement. Copies of the Preliminary Official Statement and a suggested bid form for the Bonds may be obtained from James P. Maloney, Jr., City Treasurer, City Hall, First Floor, Cambridge, Massachusetts 02139 (Telephone 617-349-4220) or from Thomas G. McLoughlin, Vice President, Government Finance Group, Inc., 4350 North Fairfax Drive, Suite 760, Arlington, Virginia 22203. Within seven business days following the award of the Bonds and receipt of necessary information from the successful bidder, copies of the Final Official Statement will be made available to the successful bidder as noted above.

January 14, 1994

/s/ James P. Maloney, Jr.
City Treasurer

4.

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

January 31, 1994

To The Honorable, The City Council:

I am hereby transmitting a copy of the most recent bond prospectus, issued in conjunction with $13,350,000.00 in General Obligation Debt.

Very truly yours,

Robert W. Healy
City Manager

RWH/mev
attachment

Agenda # 4 F-10

Most recent bond prospectus.

In City Council,

January 31, 1994

Placed on file.