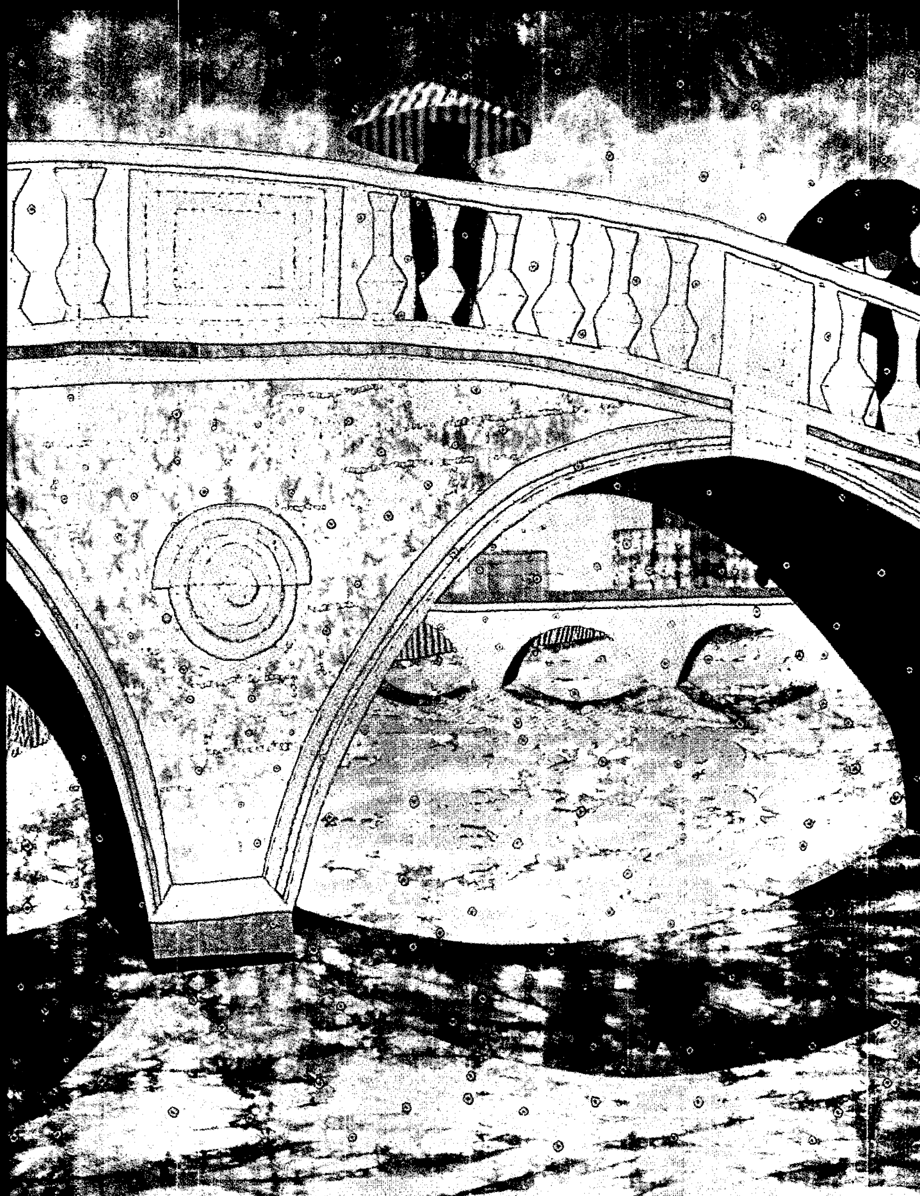
City of Cambridge, Massachusetts

Comprehensive Annual Financial Report



July 1, 1997 — June 30, 1998

CITY OF CAMBRIDGE, MASSACHUSETTS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year July 1, 1997 through June 30, 1998

Robert W. Healy
City Manager

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

Prepared by:
Finance Department
City of Cambridge, Massachusetts

On the cover: *Hashi (Footbridge)* is a wall quilt by Cantabridgian Carol Anne Grotrian who uses American quilting traditions and ancient Japanese shibori dyeing to create fabric landscapes. *Hashi*, which is in a private collection in New York City, depicts the Weeks Footbridge, part of an ongoing Charles River series. Aware of ecological issues, American landscape painting and Asian traditions of landscape as a meditation tool, Ms. Grotrian's art quilts preserve memories of the artist's or a client's favorite breathing spaces. A Gallery 57 exhibitor in 1998, Ms. Grotrian has exhibited extensively and has work in public and private collections.

City of Cambridge, Massachusetts

Comprehensive
Annual Financial Report

For the Year Ended June 30, 1998

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CITY OF CAMBRIDGE

Finance Department

City Hall, Cambridge Massachusetts 02139

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Treasury	**349-4212**
Payroll	**349-4290**

December 15, 1998

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

Dear Mr. Healy:

The Comprehensive Annual Financial Report of the City of Cambridge, Massachusetts, for the Fiscal Year ended June 30, 1998 is presented for your review. The report was prepared by the City's Finance Department. The responsibility for the accuracy, completeness, and fairness of the data presented, including all disclosures, rests with the City. We believe that the data presented is accurate in all material respects; that it is presented in a manner designed to show fairly the financial position and results of operations of the City as measured by the financial activities of its various funds; and that all disclosures deemed necessary to enable the reader to gain the maximum understanding of the City's financial activity have been included.

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

Accounting System and Budgetary Control

Basis of Accounting

The accounting records of the City's general government operations, as reported in the General Fund, Special Revenue Funds, and Capital Projects Fund, are maintained on a modified accrual basis. Accordingly, revenues are recorded when measurable and available and expenditures are recorded when the services or goods are received and the liabilities are incurred. Expendable trust funds are accounted for similar to governmental funds. The accrual basis of accounting is followed by the proprietary fund types, nonexpendable trust funds and pension trust funds. Agency funds are custodial in nature and do not involve measurement of results of operations.

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

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

Budgetary Control

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

Uncollateralized Deposits

The City of Cambridge does not require collateral for its certificates of deposit, money market accounts, checking or savings accounts when dealing with major banking institutions in the Boston area. However, City officials reserve the right to require collateral when it is in the best interest of the City.

The Reporting Entity and its Service

The general purpose financial statements present information on the City of Cambridge, Massachusetts (the "primary government") and its component units as required by generally accepted accounting principles. Component units are included in the City's reporting entity because of the significance of their operational or financial relationships with the City. The inclusion of component units in the City's general purpose financial statements does not affect their legal standing.

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

The financial statements of the Cambridge Retirement System are presented for the year ended December 31, 1997, which is its fiscal period for reporting to the Public Employee Retirement Administration Commission of the Commonwealth of Massachusetts.

Acknowledgments

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

In closing, we would like to thank all employees of the City's Finance Department for their dedicated work and support during the past fiscal year.

Respectfully submitted,

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

James A. Lindstrom
City Auditor

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

EXECUTIVE DEPARTMENT
ROBERT W. HEALY
City Manager

RICHARD C. ROSSI
Deputy City Manager

December 15, 1998

The Honorable Members of the City Council:

I am pleased to submit the Comprehensive Annual Financial Report of the City of Cambridge, Massachusetts, for the fiscal year ended June 30, 1998. Each year the City's Finance Department prepares this report, which presents comprehensive financial and operating information about the City's activities during the preceding fiscal year. The Comprehensive Annual Financial Report is a detailed report that goes beyond the requirements of applicable statutes, regulations and generally accepted accounting principles in order to present all of the information necessary to meet the needs of many persons and groups with an interest in the financial affairs of the City of Cambridge.

The report is divided into three major sections:

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

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

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

Fiscal Year 1998 in Review: Major Initiatives

Several important advances were made during fiscal year 1998 which enhanced Cambridge's strong financial position and its role as an innovative and efficient provider of municipal services. The most significant of these are as follows:

- On February 1, 1998, the City issued $42,000,000 in General Obligation Bonds to finance the construction of a new ambulatory care center at The Cambridge Hospital ($30,000,000) and renovations to the Morse Elementary School ($12,000,000). This was the largest single issue in the City's history and, for the first time since the construction of the high school in the late 1970's, the bonds were issued over a 20-year period rather than the 10-year maturity schedule which had been in place since then. The sale occurred at a time when market conditions were very favorable which, when combined with the City's high credit ratings, produced a True Interest Cost of 4.42%. Although the City's outstanding debt rose considerably as a result of this issue, a large portion of the debt service will be covered through reimbursements from the Cambridge Public Health Commission and the State School Building Assistance Bureau. Both rating agencies continue to view the City's financial condition in a very favorable light. Moody's Investors Service noted "the City's substantial and growing economic base, strong financial management, conservative debt structure, and prudent long-term capital planning" as the primary reasons for assigning its highly-coveted Aaa rating to the City's bonds. In a similar manner, Standard & Poor's Corporation cited both the City's "historically strong financial performance with healthy fund balances and reserves" and its "future expectations of fiscal stability and economic growth and prudent debt management" as the principal reasons for the assignment of a AA+, one level below its highest rating.

- The fund equity in the General Fund on a GAAP basis increased from its previous year's level of $45,842,963 to $48,309,529, an increase of $2,466,566 or 5.4%. As in the past several fiscal years, the City anticipated using a significant amount of its previous year's unreserved fund balance to cover certain expenditures. However, this was unnecessary as a result of actual revenues and other financing sources exceeding expenditures.

- For the second consecutive year, the collection rate for current year real and personal property taxes exceeded 100%. The 100.56% rate is the result of current year collections of $150,900,173 being greater than the net tax levy (total levy of $154,303,550 minus the reserve set aside for abatements of $4,250,000) of $150,053,550. This extremely high collection rate reflects both the strong local economy and on-going efforts made by the City in recent years to maximize collections on real and personal property.

- As it has for the past decade, the City received both the Certificate of Achievement for Excellence in Financial Reporting and the Distinguished Budget Presentation Award from the Government Finance Officers Association.

Financial Summary

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

Revenues

Fiscal year 1998 revenues totaled $236.4 million. This represents an increase of $7.1 million or 3.1% from fiscal year 1997. Property taxes are the single largest revenue source, representing approximately 63.5% of General Fund revenues. Real and personal property tax revenues, net of abatements, increased by $6.2 million, or 4.3%. Intergovernmental receipts comprise the City's next largest revenue source, representing 15.7% of General Fund revenues. These revenues increased 2.1% to $37.2 million.

Sewer receipts increased approximately 3.5% to $19.2 million during fiscal year 1998 because of higher rates.

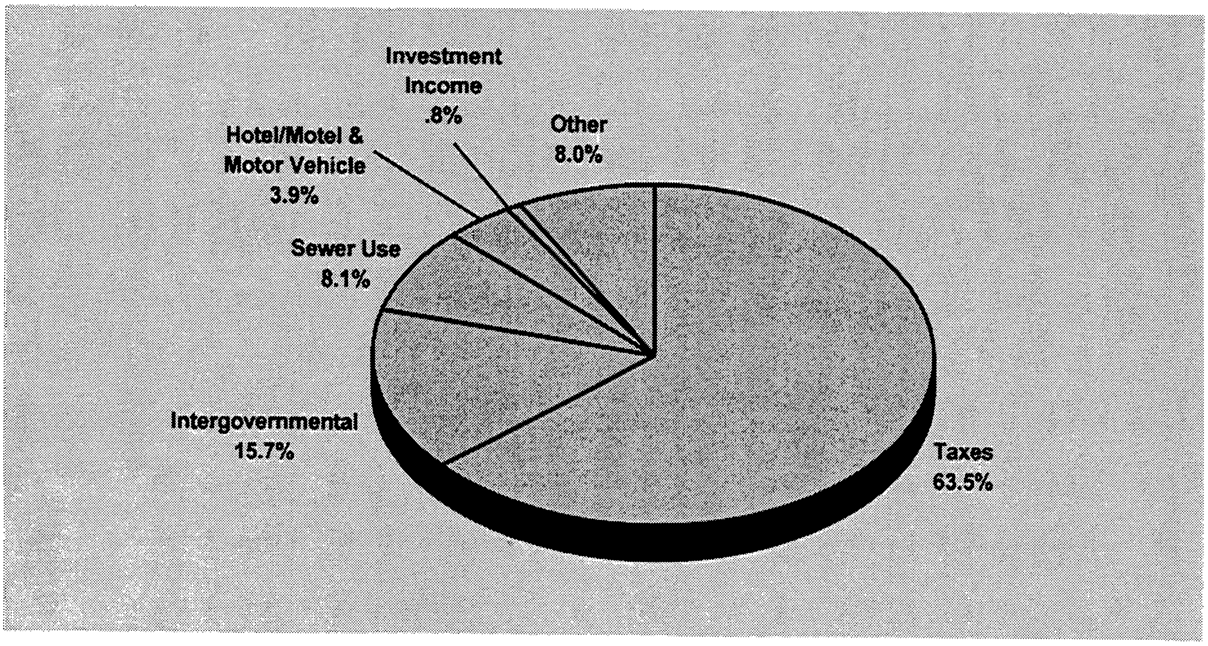
The 9.7% increase in the Hotel/Motel & Motor Vehicle Excise Tax category directly reflects the strong local economy. Both of these taxes are sensitive to changes in the local economy.

The 17.6% decrease in investment income from $2.34 million to $1.93 million was due to lower interest rates earned on its cash and investment balances.

The following table and graph display the dollar amounts in thousands received from various sources of revenue for fiscal year 1998 and compares these amounts to those received in fiscal year 1997.

Fiscal Year 1998 General Fund Revenues
Budgetary Basis
(Dollars In Thousands)

Revenue Source	Amount	Percent	Increase/(Decrease) From Fiscal Year 1997 Amount	Increase/(Decrease) From Fiscal Year 1997 Percent
Taxes-Net of Abatements	$ 150,054	63.5%	$ 6,234	4.3%
Intergovernmental	37,207	15.7	786	2.1
Sewer Use	19,206	8.1	653	3.5
Hotel/Motel & Motor Vehicle Excise	9,166	3.9	807	9.6
Investment Income	1,927	0.8	(413)	(17.6)
Other	18,879	8.0	(939)	(4.7)
Total	236,439	100.0%	7,128	3.1%
Net Transfers In (Out)	(5,118)		(6,054)	
Grand Total	$ 231,321		$ 1,074	



Expenditures

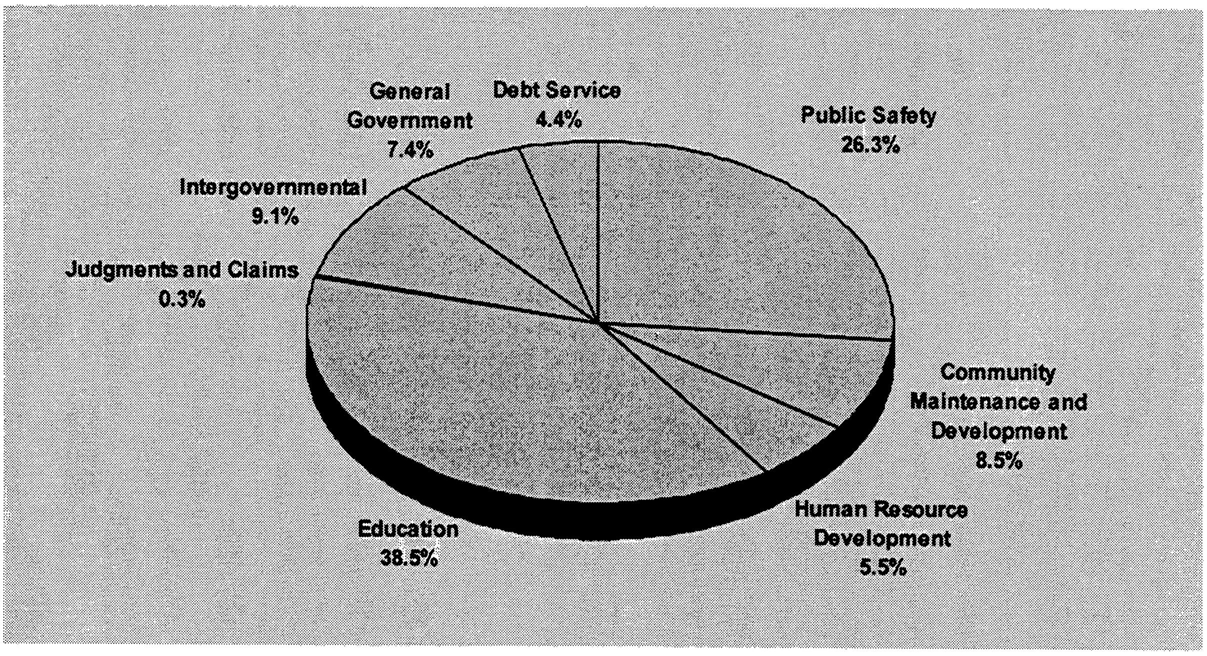
During fiscal year 1998, total expenditures increased 4.2% from $224.4 million to $234.0 million.

General Government expenditures increased 6.8% to $17.4 million due primarily to higher health insurance costs while the significant increase in Public Safety costs reflects the retroactive salary payments made in the Police Department. During fiscal year 1997, $1,500,000 of Section 108 housing bonds were retired and recorded as an expenditure in Community Maintenance and Development. This resulted in fiscal year 1998 expenditures decreasing by 7.5% from $21.5 to $19.9 million. The large increase in the Human Resource Development function reflects additional funding for a wide range of programs in the Human Services Department including child care, youth programs, and elderly services. Increases in Education and Intergovernmental were relatively low while the slight rise in Debt Service costs reflects the initial payments on the June 1997 issue.

As part of the agreement between the City and the Cambridge Public Health Commission (CPHC), the City will continue to subsidize the operations of the CPHC. The transfer from the City to the CPHC, $8,597,000, is at the same level as in the previous fiscal year and is shown as a transfer to a component unit in the Other Financing Sources (Uses) section of the Budgetary Basis statement. The in-lieu-of-tax payment from the CPHC to the City was reduced from its previous level of $2,000,000 to $1,000,000 in fiscal year 1998. Since the actual payment was made after June 30, 1998, the Budgetary Basis statement does not reflect the $1,000,000 payment.

Fiscal Year 1998 General Fund Expenditures
Budgetary Basis
(Dollars In Thousands)

			Increase (Decrease) From Fiscal Year 1997	
Expenditure Function	Amount	Percent	Amount	Percent
General Government	$ 17,390	7.4%	$ 1,110	6.8%
Public Safety	61,550	26.3	5,299	9.4
Community Maintenance and Development	19,925	8.5	(1,620)	(7.5)
Human Resource Development	12,984	5.5	1,072	8.9
Education	89,886	38.5	2,953	3.3
Judgments and Claims	618	0.3	(285)	(31.5)
Intergovernmental	21,308	9.1	646	3.0
Debt Service	10,297	4.4	389	3.9
Grand Total	$ 233,958	100.0%	$ 9,564	4.2%



General Fund Balances and Cash Position

The City ended fiscal year 1998 with a total General Fund fund balance of $48,309,529, which represents 20.1% of General Fund revenues, up slightly from 20.0% in fiscal year 1997. Each year, a portion of fund balance is allocated to reserve accounts. A total of $13,351,073 was transferred to reserve accounts in fiscal year 1998, leaving an unreserved fund balance of $34,958,456. General Fund cash and short-term investments totaled $60,512,140, while the balance of cash and short-term investments for all funds totaled $114,159,051 which is a $5,560,069, or 5.1% increase from fiscal year 1997 with the largest portion of this increase occurring in the Water Fund. Because of aggressive cash management and timely issuance of tax bills, the City did not issue tax anticipation notes to assist with cash flow management during the fiscal year.

The following table presents the balance in the City's unreserved General Fund fund balance for fiscal years 1992 through 1998.

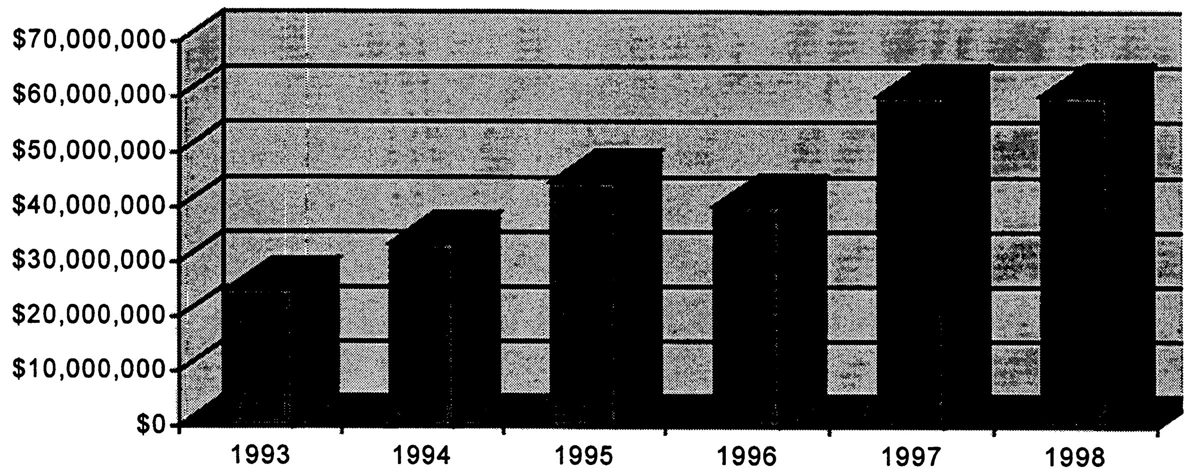
Fiscal Year	Unreserved General Fund Balance
1992	$ 10,943,916
1993	7,595,682
1994	15,634,070
1995	26,362,257
1996	26,079,677
1997	30,979,095
1998	34,958,456

Cash Position

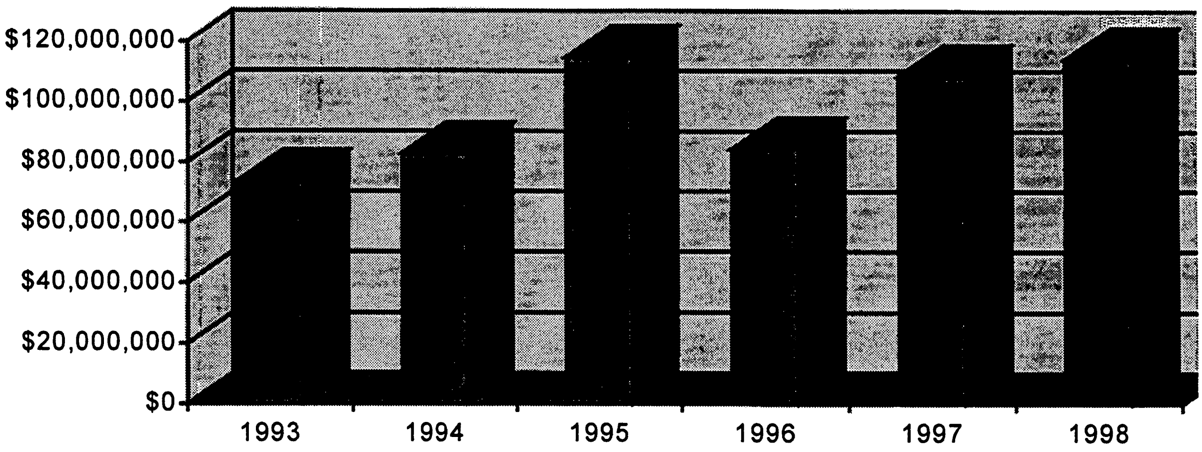
The table and charts displayed below present the changes in year-end General Fund cash and total cash for all funds for the past six fiscal years. The table and charts do not include cash for the Cambridge Public Health Commission component unit.

Fiscal Year	Year-End Cash Balance General Fund	Year-End Cash Balance All Funds
1993	$ 25,180,624	$ 73,584,280
1994	33,567,749	82,918,319
1995	44,855,049	114,915,503
1996	40,436,647	84,569,214
1997	60,358,932	108,598,982
1998	60,512,140	114,159,051

Year-End Cash Balance – General Fund



Year-End Cash Balance – All Funds



Capital Financing and Debt Management

In conjunction with the operating budget, the City annually prepares both a capital budget for the upcoming fiscal year and a five-year improvement plan that is used as a guide for capital expenditures in future years. The Capital Improvement Program for the five year-period from fiscal year 1999 through fiscal year 2003, which was approved by the City Council in May 1998, has an estimated cost of $242,601,400. Financing for the fiscal year 1999 portion of the capital plan was appropriated with the adoption of the fiscal year 1999 operating budget in May 1998. Implementation of the program in the following four years, however, is contingent upon the City's continued strong financial position.

The City issues a majority of its debt with a ten-year or shorter retirement schedule, which requires higher debt service payments in the short-term, but results in sizable interest savings. In addition, since fiscal year 1985, the City has funded a portion of its Capital Improvement Program on a "pay-as-you-go" basis out of current revenues. Outstanding bonded debt as of June 30, 1998 totaled $107,171,111.

Key Debt Ratios

Ratio	1998	1997	1996	1995	1994
Ratio of Bonded Debt to Assessed Value	1.4	1.1	1.1	1.1	.9
Bonded Debt Per Capita	$ 1,143	$ 792	$ 807	$ 775	$ 578
Ratio of Bonded Debt Per Capita to Per Capita Income	5.7	3.9	4.1	4.1	3.2
Ratio of Debt Service to Total Expenditures	7.6	9.0	5.4	4.7	4.6

Property Valuations

Based on valuations of all real and personal property as of January 1, 1997, the total value of all property in the City is $7,503,702,581. Of that total, $173,600,833 is attributable to new construction. The table below compares fiscal year 1998 property valuations and tax rates to fiscal year 1997 valuations and tax rates.

	Property Valuations (In Thousands)		Tax Rates	
	FY 1998	FY 1997	FY 1998	FY 1997
Commercial/Industrial	$ 2,494,523	$ 2,462,908	$ 35.98	$ 35.78
Personal Property	248,991	236,051	35.98	35.78
Residential	4,760,189	4,543,165	13.43	13.02
Total Value	$ 7,503,703	$ 7,242,124		

Fiduciary and Reserve Funds

The City administers more than 70 trust funds (excluding the Retirement Trust Fund and the City's Stabilization Funds), the total fund balance of which was $21,034,182 on June 30, 1998. All interest earned by these funds accrues to each trust. Funds from the trusts are used for a variety of purposes including awarding scholarships and prizes to Cambridge school children, providing entertainment for residents at the nursing home, purchasing books and materials for the public library, providing dental hygiene for school age children, and rehabilitating affordable housing. The single largest trust fund is the Health Claims Trust, established by the City during fiscal year 1985 to act as a contingency against possible deficits in health insurance allotments due to higher than anticipated claims in a given year. The balance of this trust fund increased from $11,267,079 at June 30, 1997 to $11,757,815 at June 30, 1998. The increase was due to interest earnings and employee health care deductions, exceeding the transfers and expenses to fund 1998 health care costs by $490,736.

The City's Stabilization Fund had a balance of $5,924,883 on June 30, 1998. This fund is a statutory reserve account. Interest earned by this fund accrues to this trust.

Pension Liability

As of January 1, 1998, the City's unfunded actuarial accrued liability is approximately $48 million. In January, 1991, the City established a State approved funding schedule that will eliminate the City's unfunded actuarial liabilities by June 30, 2026.

Risk Management

The City of Cambridge is self-insured for any damage to its buildings from fire and natural disasters and for theft. The City currently has sufficient reserves in several funds to cover any unanticipated costs that may arise.

Health insurance is provided to employees and retirees through managed care health plans. The City offers a variety of health maintenance organization (HMO) options including Blue Cross/Blue Shield's Blue Choice and HMO Blue, Harvard Community Health Plan, Tufts Associated Health Plan, and US Healthcare. Both of the Blue Cross plans as well as the Tufts Associated Health Plan are paid on a claims basis while the Harvard Community Health Plan and US Healthcare are paid on a premium basis. All four plans require a 10% employee and retiree contribution with the remaining 90% covered by the City.

The City is self-insured in all other areas of risk including auto liability and workers' and unemployment compensation. The City's Law Department defends the City in most cases for legal claims, except those requiring specialized expertise, in which case the City will periodically retain outside counsel. Settlements for legal claims are paid from the City's Judgments and Damages account. The noncurrent portion of claims and judgments is reported in the general long-term obligations account group to the extent it is probable that a loss has been incurred and the amount can be reasonably estimated. The City's Personnel Department administers risk management.

Independent Audit

The City's financial records, books of accounts, and financial transactions are audited each year by an independent firm of certified public accountants. The City's annual audits since fiscal year 1979 have been performed by the independent public accounting firm of KPMG Peat Marwick LLP. The independent auditors' report on the financial statements for the year ended June 30, 1998 is included herein. The independent auditors' report on compliance and on internal control over financial reporting in accordance with "Government Auditing Standards" has also been included herein.

Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Cambridge, Massachusetts, for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 1997.

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

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

Economic Condition

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

City unemployment has decreased from 2.1% as of June 30, 1997, to 1.5% on June 30, 1998, compared with 2.9% for the state and 4.1% for the United States. Inflation continues at its slow pace while property values are firming. Property sales activity is up in all market sectors, and we are seeing activity in local real estate development with an office vacancy rate of less than 2%.

Future Outlook and Conclusion

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

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

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

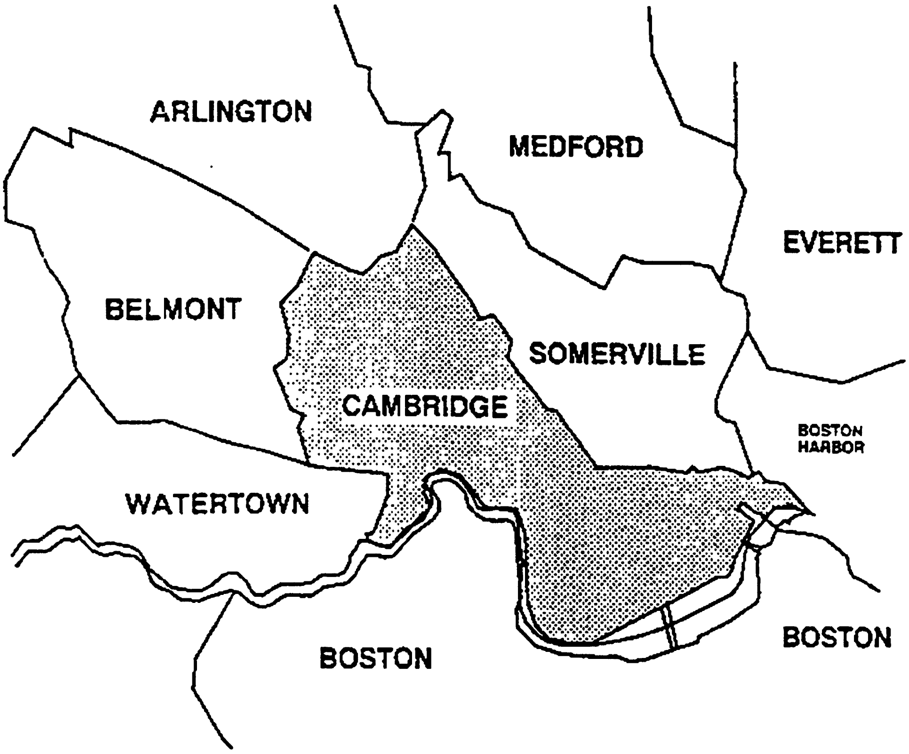
Acknowledgments

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

Very truly yours,

Robert W. Healy
City Manager

A FEW WORDS ABOUT CAMBRIDGE



The City of Cambridge, Massachusetts is located in southeast Middlesex County across the Charles River from the City of Boston. The City is bordered by the Towns of Watertown and Belmont on the west, the Town of Arlington and the City of Somerville on the north, and occupies a land area of 6.26 square miles. The City's estimated population was 93,793 in 1998.

Cambridge, first settled in 1630 by a group from the Massachusetts Bay Company, was originally incorporated as a town in 1636 and became a city in 1846. The City has a Council-Manager form of government. The legislative and policy making body of the City is the nine-member City Council, whose members are elected at-large for two-year terms. The City Council elects a Mayor and Vice-Mayor from among its members with the Mayor also serving as Chairman of the School Committee.

The City Manager is the chief administrative officer and carries out the policies of the City Council. With the assistance of a Deputy City Manager and three Assistant City Managers, the City Manager coordinates the functions of 41 municipal departments and is responsible for the delivery of services to residents. The City Manager is appointed by the City Council and serves at the pleasure of the Council. The present City Manager is employed under a contract which expires June 30, 2000.

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

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

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FISCAL YEAR 1998

DIRECTORY OF OFFICIALS

City Council

Francis H. Duehay, Mayor

Anthony Galluccio, Vice Mayor	Henrietta Davis
Kenneth E. Reeves	Michael A. Sullivan
Sheila Doyle Russell	Timothy J. Toomey, Jr.
Kathleen Leahy Born	Katherine Triantafillou

School Committee

Francis H. Duehay, Chair

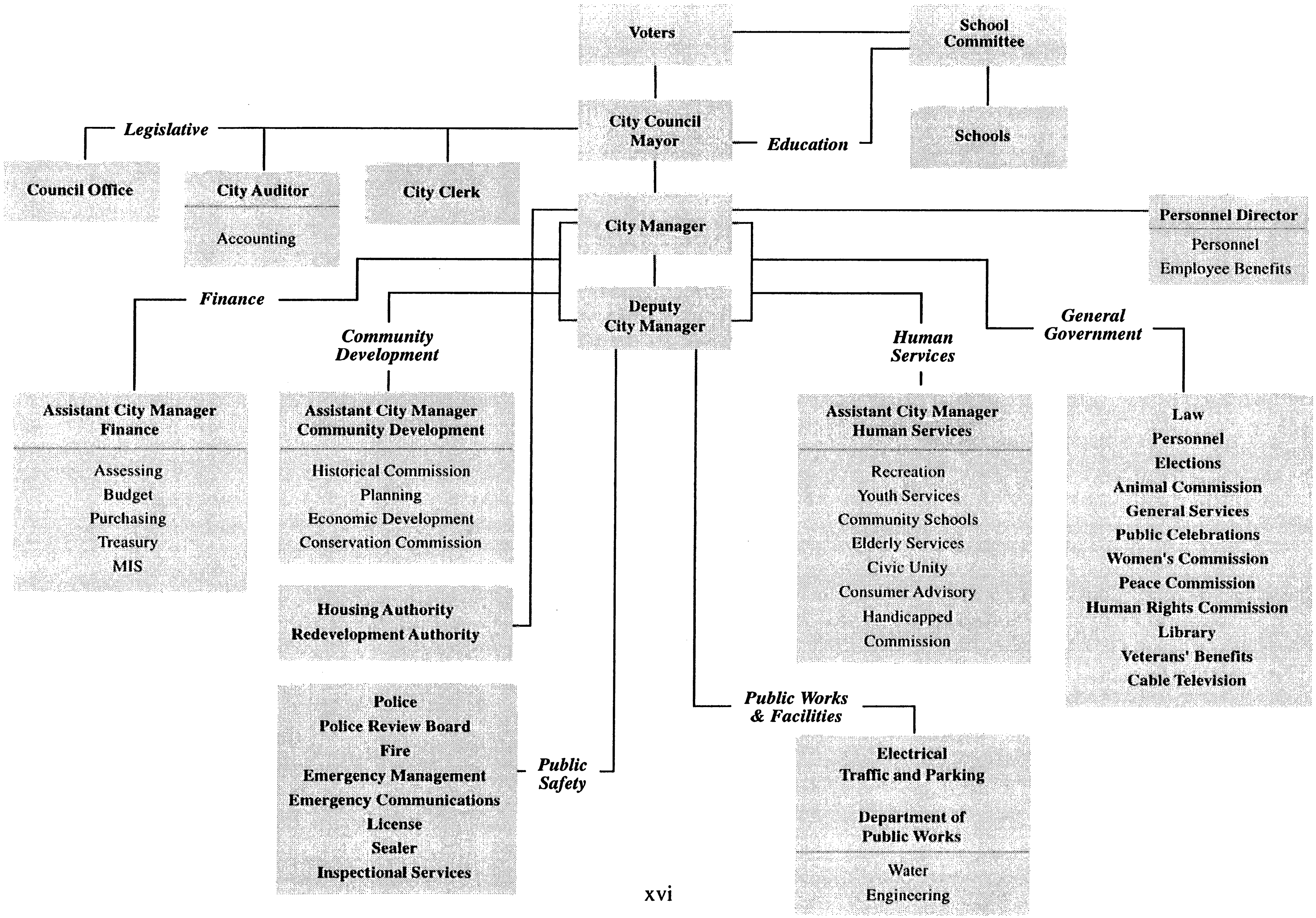
Susana M. Segat	Alice L. Turkel
Robin Harris	David P. Maher
Joseph G. Grassi	E. Denise Simmons, Vice Chair

Principal Executive Officers

City Manager	Robert W. Healy
Deputy City Manager	Richard C. Rossi
Assistant City Manager for Fiscal Affairs and Treasurer/Collector	James P. Maloney, Jr.
Assistant City Manager for Community Development	Susan B. Schlesinger
Assistant City Manager for Human Services	Jill M. Herold
City Auditor	James A. Lindstrom
City Solicitor	Russell B. Higley
City Clerk	D. Margaret Drury

Organizational Chart

City of Cambridge, Massachusetts



Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Cambridge, Massachusetts

For its Comprehensive Annual Financial Report
for the Fiscal Year Ended
June 30, 1997

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

Douglas R Ellsworth
President

Jeffrey L. Esser
Executive Director

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Financial Section

Independent Auditors' Report

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

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

KPMG Peat Marwick LLP

99 High Street
Boston, MA 02110-2371

Telephone 617 988 1000

Telefax 617 988 0800

Independent Auditors' Report

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

We have audited the general purpose financial statements for the City of Cambridge, Massachusetts (the "City"), as of and for the year ended June 30, 1998, as listed in the accompanying 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.

Except as discussed in the following paragraph, we conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general-purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Governmental Accounting Standards Board ("GASB") Technical Bulletin 98-1, *Disclosures about Year 2000 Issues*, requires disclosure of certain matters regarding the Year 2000 issue. The City has included such disclosures in Note 15. Because of the unprecedented nature of the Year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. Accordingly, insufficient audit evidence exists to support the City's disclosures with respect to the Year 2000 issue made in Note 15. Further, we do not provide assurance that the City is, or will be, Year 2000 ready, that the City's Year 2000 remediation efforts will be successful in whole or in part, or that parties with which the City does business will be Year 2000 ready.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to examine evidence regarding Year 2000 disclosures, 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, 1998, and the results of its operations and cash flows of its proprietary and similar trust funds for the year then ended, in conformity with generally accepted accounting principles.

As discussed in notes 2 and 11, respectively, the City adopted the provisions of GASB Statements Nos. 31 and 32 in fiscal 1998.

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

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

The required supplementary information on page 36 is not a required part of the general-purpose financial statements but is supplementary information required by GASB. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation, to the supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 1998, on our consideration of the City's internal control structure and its compliance with certain laws, regulations, contracts and grants.

KPMG Peat Marwick LLP

December 15, 1998

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General Purpose Financial Statements

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

CITY OF CAMBRIDGE, MASSACHUSETTS

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

June 30, 1998

	Governmental Fund Types			Proprietary Fund Types		Fiduciary Fund Types	Account Groups		Total (Memorandum Only)		Total (Memorandum Only)
Assets and Other Debits	**General**	**Special Revenue**	**Capital Projects**	**Enterprise**	**Internal Service**	**Trust and Agency**	**General Fixed Assets**	**General Long-term Obligations**	**Primary Government**	**Component Unit CPHC**	**Reporting Entity**
Cash and investments (note 5)	$ 60,512,140	6,474,202	—	5,909,699	768,787	370,259,137	—	—	443,923,965	62,659,989	506,583,954
Restricted cash and investments (notes 2 and 5)	—	—	1,817,508	—	—	—	—	—	1,817,508	65,020,447	66,837,955
Receivables:											
Property taxes (note 3)	4,473,581	—	—	—	—	—	—	—	4,473,581	—	4,473,581
Tax titles and possessions	6,879,737	—	—	—	—	—	—	—	6,879,737	—	6,879,737
Motor vehicle excise	2,270,163	—	—	—	—	—	—	—	2,270,163	—	2,270,163
Other	3,173,314	534,915	—	3,940,642	—	11,531,257	—	—	19,180,128	25,127,429	44,307,557
Accounts receivable - developer	—	1,000,000	—	—	—	—	—	—	1,000,000	—	1,000,000
Allowance for uncollectible receivables	—	—	—	(394,065)	—	—	—	—	(394,065)	—	(394,065)
Due from other funds (note 8)	4,373,530	—	17,539,102	—	16	11,376	—	—	21,924,024	—	21,924,024
Due from other governments	—	1,171,149	4,651,246	—	—	27,813	—	—	5,850,208	—	5,850,208
Due from component unit (note 7)	32,770,000	—	—	—	—	—	—	—	32,770,000	—	32,770,000
Fixed assets (net, where applicable, of accumulated depreciation) (note 6)	—	—	—	68,597,432	—	—	343,414,361	—	412,011,793	106,090,721	518,102,514
Other assets	—	—	—	—	—	1,505,772	—	—	1,505,772	6,941,086	8,446,858
Amount to be provided for retirement of general long-term obligations (note 7)	—	—	—	—	—	—	—	112,228,841	112,228,841	—	112,228,841
Total assets and other debits	$ 114,452,465	9,180,266	24,007,856	78,053,708	768,803	383,335,355	343,414,361	112,228,841	1,065,441,655	265,839,672	1,331,281,327

CITY OF CAMBRIDGE, MASSACHUSETTS

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

June 30, 1998

Liabilities, Fund Equity and Other Credit	Governmental Fund Types: General	Governmental Fund Types: Special Revenue	Governmental Fund Types: Capital Projects	Proprietary Fund Types: Enterprise	Proprietary Fund Types: Internal Service	Fiduciary Fund Types: Trust and Agency	Account Groups: General Fixed Assets	Account Groups: General Long-term Obligations	Total (Memorandum Only) Primary Government	Component Unit CPHC	Total (Memorandum Only) Reporting Entity
Liabilities:											
Warrants payable	$ 60,682	141,840	5,035,424	—	—	—	—	—	5,237,946	12,695,639	17,933,585
Accrued liabilities:											
Tax abatement refunds	2,242,000	—	—	—	—	—	—	—	2,242,000	—	2,242,000
Guarantee deposits and amounts due to other taxing authorities	—	—	—	—	—	1,996,581	—	—	1,996,581	—	1,996,581
Compensated absences (note 7)	—	—		255,097	—	—	—	8,913,981	9,169,078	9,770,546	18,939,624
Claims (notes 7 and 13)	—	—	—	—	—	—	—	2,113,296	2,113,296	—	2,113,296
Other	16,503,086	575,147	—	107,815	—	5,922,842	—	—	23,108,890	—	23,108,890
Due to third parties	—	—	—	—	—	—	—	—	—	64,359,413	64,359,413
Due to other funds (note 8)	—	2,308,832	18,814,475	789,325	—	11,392	—	—	21,924,024	—	21,924,024
Due to primary government (note 7)	—	—	—	—	—	—	—	—	—	32,770,000	32,770,000
Deferred revenue	47,337,168	—	—	—	—	—	—	—	47,337,168	27,191,492	74,528,660
Capital lease obligations	—	—	—	—	—	—	—	—	—	723,583	723,583
General obligation bonds and notes payable (note 7)	—	—	—	9,313,000	—	—	—	101,201,564	110,514,564	—	110,514,564
Total liabilities	66,142,936	3,025,819	23,849,899	10,465,237	—	7,930,815	—	112,228,841	223,643,547	147,510,673	371,154,220
Fund equity and other credits:											
Investments in general fixed assets	—	—	—	—	—	—	343,414,361	—	343,414,361	—	343,414,361
Retained earnings	—	—	—	67,588,471	768,803	—	—	—	68,357,274	—	68,357,274
Fund balance (deficit):											
Reserved for encumbrances	5,551,073	2,313,521	14,255,620	—	—	—	—	—	22,120,214	—	22,120,214
Reserved for specific purposes (note 8)	7,800,000	6,088,146	—	—	—	375,404,540	—	—	389,292,686	6,174,850	395,467,536
Unreserved (note 14)	34,958,456	(2,247,220)	(14,097,663)	—	—	—	—	—	18,613,573	112,154,149	130,767,722
Total fund equity and other credits	48,309,529	6,154,447	157,957	67,588,471	768,803	375,404,540	343,414,361	—	841,798,108	118,328,999	960,127,107
Commitments and contingencies (notes 13 and 15)											
Total liabilities, fund equity and other credits	$ 114,452,465	9,180,266	24,007,856	78,053,708	768,803	383,335,355	343,414,361	112,228,841	1,065,441,655	265,839,672	1,331,281,327

See accompanying notes to general purpose financial statements.

CITY OF CAMBRIDGE, MASSACHUSETTS

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

All Governmental Fund Types and Expendable Trust Funds

Year ended June 30, 1998

	Governmental Fund Types			Fiduciary Fund Type	Total
	General	**Special Revenue**	**Capital Projects**	**Expendable Trust**	**(Memorandum Only)**
Revenues:					
Property taxes	$ 153,007,084	—	—	—	153,007,084
Payments in lieu of tax receipts	2,282,897	—	—	—	2,282,897
Hotel/motel excise tax	4,449,984	—	—	—	4,449,984
Intergovernmental	37,207,164	16,709,703	7,312,061	—	61,228,928
Private grants	—	177,306	—	—	177,306
Sewer use	19,206,157	—	—	—	19,206,157
Motor vehicle excise	4,716,502	—	—	—	4,716,502
Investment income	2,101,567	1,803,482	113,351	1,654,547	5,672,947
Other	17,289,924	11,906,885	26,722	2,748,286	31,971,817
Total revenues	240,261,279	30,597,376	7,452,134	4,402,833	282,713,622
Expenditures:					
Current:					
General government	17,475,179	67,175	—	—	17,542,354
Public safety	62,069,959	539,677	—	—	62,609,636
Community maintenance and development	19,328,187	2,127,024	—	—	21,455,211
Human resource development	12,343,182	3,214,337	—	—	15,557,519
Education	90,480,918	7,941,002	—	—	98,421,920
Fuel assistance	—	650,148	—	—	650,148
Judgments and claims	537,451	—	—	—	537,451
State assessments	20,825,930	—	—	—	20,825,930
Other	—	—	—	3,503,427	3,503,427
Capital outlay	—	—	29,506,801	—	29,506,801
Debt service:					
Principal retirement (note 7)	7,768,884	—	—	—	7,768,884
Interest	2,511,293	—	—	—	2,511,293
Total expenditures	233,340,983	14,539,363	29,506,801	3,503,427	280,890,574
Excess (deficiency) of revenues over expenditures	6,920,296	16,058,013	(22,054,667)	899,406	1,823,048
Other financing sources (uses):					
Operating transfers from other funds (note 12)	15,105,910	279,009	13,391,496	5,557,818	34,334,233
Operating transfers to other funds (note 12)	(11,962,640)	(14,025,686)	(4,521,000)	(3,438,710)	(33,948,036)
Operating transfers from component unit (note 12)	1,000,000	—	—	—	1,000,000
Operating transfers to component unit (note 12)	(8,597,000)	—	(30,000,000)	—	(38,597,000)
Proceeds from long-term debt (note 7)	—	—	42,000,000	—	42,000,000
Proceeds from long-term notes (note 7)	—	—	3,343,453	—	3,343,453
Total other financing sources (uses)	(4,453,730)	(13,746,677)	24,213,949	2,119,108	8,132,650
Excess of revenues and other financing sources over expenditures and other financing uses	2,466,566	2,311,336	2,159,282	3,018,514	9,955,698
Fund equity (deficit) at beginning of year	45,842,963	3,843,111	(2,001,325)	23,785,431	71,470,180
Fund equity at end of year	$ 48,309,529	6,154,447	157,957	26,803,945	81,425,878

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, 1998
(with comparative actual amounts for 1997)

	1998 Budget (note 4)	1998 Actual	Variance Favorable (Unfavorable)	1997 Actual
Revenues:				
Property taxes	$ 154,303,550	154,303,550	—	148,070,000
Provisions for tax abatements and adjustments	(4,250,000)	(4,250,000)	—	(4,250,000)
Payments in lieu of tax receipts	3,198,000	1,233,326	(1,964,674)	2,355,492
Hotel/motel excise tax	3,206,000	4,449,984	1,243,984	3,861,436
Intergovernmental	36,181,675	37,207,164	1,025,489	36,420,810
Sewer use	17,986,745	19,206,157	1,219,412	18,552,641
Motor vehicle excise	3,961,990	4,716,502	754,512	4,497,548
Investment income	2,093,715	1,927,249	(166,466)	2,339,903
Other	8,673,322	17,645,071	8,971,749	17,463,534
Total revenues	225,354,997	236,439,003	11,084,006	229,311,364
Expenditures:				
Current:				
General government	18,414,819	17,389,835	1,024,984	16,280,024
Public safety	62,451,350	61,549,659	901,691	56,250,701
Community maintenance and development	20,151,765	19,925,112	226,653	21,544,794
Human resource development	13,057,080	12,984,351	72,729	11,912,355
Education	89,887,385	89,886,002	1,383	86,933,392
Judgments and claims	652,765	618,451	34,314	902,864
Intergovernmental	21,414,705	21,308,192	106,513	20,661,564
Debt service:				
Principal retirement	7,936,890	7,768,884	168,006	7,580,828
Interest	2,690,220	2,527,403	162,817	2,327,648
Total expenditures	236,656,979	233,957,889	2,699,090	224,394,170
Excess (deficiency) of revenues over expenditures	(11,301,982)	2,481,114	13,783,096	4,917,194
Other financing sources (uses):				
Operating transfers in (out):				
Special revenue funds	13,579,985	11,301,890	(2,278,095)	10,912,584
Capital projects funds	(5,899,560)	(10,667,700)	(4,768,140)	(6,332,900)
Trust funds	2,836,277	2,479,640	(356,637)	2,588,108
Enterprise fund	365,450	365,450	—	365,450
From component unit	1,000,000	—	(1,000,000)	2,000,000
To component unit	(8,597,000)	(8,597,000)	—	(8,597,016)
Total other financing sources (uses)	3,285,152	(5,117,720)	(8,402,872)	936,226
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(8,016,830)	$ (2,636,606)	5,380,224	5,853,420
Other budget items:				
Free cash appropriations	11,259,102			
Prior year deficits raised	(3,242,272)			
Total other budget items	8,016,830			
Net budget and actual	$ —			

See accompanying notes to general purpose financial staeements.

CITY OF CAMBRIDGE, MASSACHUSETTS

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

Year ended June 30, 1998

	Proprietary Fund Types		Fiduciary Fund Types	Total (Memorandum Only)		Total (Memorandum Only)
	Enterprise	Internal Service	Non-expendable Trust	Primary Government	Component Unit CPHC	Reporting Entity
Operating revenues:						
Charges for services	$ 12,106,397	73,717	—	12,180,114	181,920,232	194,100,346
Donations	—	—	24,330	24,330	—	24,330
Investment income	—	—	20,652	20,652	—	20,652
Other	513,955	—	—	513,955	18,985,875	19,499,830
Total operating revenues	12,620,352	73,717	44,982	12,739,051	200,906,107	213,645,158
Operating expenses:						
Administration	1,856,238	—	—	1,856,238	2,786,257	4,642,495
Finance	—	—	—	—	12,879,628	12,879,628
Service and support programs	3,261,549	32,424	—	3,293,973	118,402,143	121,696,116
General services	42,958	—	—	42,958	26,461,549	26,504,507
Depreciation	1,619,280	—	—	1,619,280	7,134,148	8,753,428
Provision for bad debts	53,791	—	—	53,791	37,470,035	37,523,826
Other	—	—	—	—	2,988,079	2,988,079
Total operating expenses	6,833,816	32,424	—	6,866,240	208,121,839	214,988,079
Operating income (loss)	5,786,536	41,293	44,982	5,872,811	(7,215,732)	(1,342,921)
Nonoperating revenues and expenses:						
Interest income	—	—	—	—	5,987,330	5,987,330
Interest expense	(642,766)	—	—	(642,766)	(814,249)	(1,457,015)
Income (loss) before operating transfers	5,143,770	41,293	44,982	5,230,045	(2,042,651)	3,187,394
Operating transfers from other funds (note 12)	—	16	124	140	—	140
Operating transfers to other funds (note 12)	(365,450)	—	(20,887)	(386,337)	—	(386,337)
Operating transfers from the primary government (note 12)	—	—	—	—	8,597,000	8,597,000
Operating transfers to the primary government (note 12)	—	—	—	—	(1,000,000)	(1,000,000)
Net income	4,778,320	41,309	24,219	4,843,848	5,554,349	10,398,197
Capital contribution - restricted	—	—	—	—	5,000,000	5,000,000
Retained earnings/fund equity:						
Beginning of year	62,810,151	727,494	1,515,138	65,052,783	107,774,650	172,827,433
End of year	$ 67,588,471	768,803	1,539,357	69,896,631	118,328,999	188,225,630

See accompanying notes to general purpose financial statements.

CITY OF CAMBRIDGE, MASSACHUSETTS

Statement of Changes in Plan Net Assets - Pension Trust Fund

Year ended June 30, 1998

Additions:		
Contributions:		
Employer	$	18,770,255
Employee		10,031,023
Total contributions		28,801,278
Investment income:		
Realized and unrealized gains on investments		12,815,414
Investment income		56,085,657
Total investment income		68,901,071
Intergovernmental		2,517,309
Total additions		100,219,658
Deductions:		
Benefits		23,827,123
Refunds of contributions		2,195,900
Administrative expenses		2,296,406
Total deductions		28,319,429
Net increase		71,900,229
Net assets held in trust for pension benefits:		
Beginning of year		275,161,009
End of year	$	347,061,238

See accompanying notes to general purpose financial statements.

CITY OF CAMBRIDGE, MASSACHUSETTS

Combined Statement of Cash Flows

All Proprietary Fund Types, Nonexpendable Trust Funds
and Discretely Presented Component Unit

Year ended June 30, 1998

	Proprietary Fund Types		Fiduciary Fund Types	Total (Memorandum Only)		Total (Memorandum Only)
	Enterprise	Internal Service	Non-expendable Trust	Primary Government	Component Unit CPHC	Reporting Entity
Cash flows from operating activities:						
Operating income (loss)	$ 5,786,536	41,293	44,982	5,872,811	(7,215,732)	(1,342,921)
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:						
Reclassification of investment income	—	—	(20,652)	(20,652)	—	(20,652)
Depreciation	1,619,280	—	—	1,619,280	7,134,148	8,753,428
Provision for bad debts	53,791	—	—	53,791	37,470,035	37,523,826
Change in assets and liabilities:						
Accounts receivable	(604,079)	(16)	46	(604,049)	(40,438,776)	(41,042,825)
Inventories and other current assets	—	—	—	—	1,095,015	1,095,015
Interfund receivables	2,355,585	—	—	2,355,585	—	2,355,585
Accrued liabilities	129,198	—	—	129,198	17,937,643	18,066,841
Interfund payables	789,325	—	1,070	790,395	—	790,395
Deferred revenue	—	—	—	—	8,382,015	8,382,015
Net cash provided by operating activities	10,129,636	41,277	25,446	10,196,359	24,364,348	34,560,707
Cash flows from noncapital financing activities:						
Transfers - in	—	16	124	140	8,597,000	8,597,140
Transfers - out	(365,450)	—	(20,887)	(386,337)	(1,000,000)	(1,386,337)
Net cash provided by (used for) non-capital financing activities	(365,450)	16	(20,763)	(386,197)	7,597,000	7,210,803
Cash flows from capital and related financing activities:						
Acquisition of capital assets	(3,744,910)	—	—	(3,744,910)	(36,044,738)	(39,789,648)
Proceeds from bonds	—	—	—	—	30,000,000	30,000,000
Principal paid on bonds	(2,898,000)	—	—	(2,898,000)	(7,061,193)	(9,959,193)
Interest paid on bonds	(642,766)	—	—	(642,766)	—	(642,766)
Equity transfer to Somerville Health Foundation	—	—	—	—	(814,249)	(814,249)
Net cash used for capital and related financing activities	(7,285,676)	—	—	(7,285,676)	(13,920,180)	(21,205,856)
Cash flows from investing activities:						
Investment income	—	—	20,652	20,652	5,987,330	6,007,982
Net cash provided by investing activities	—	—	20,652	20,652	5,987,330	6,007,982
Net increase in cash and cash equivalents	2,478,510	41,293	25,335	2,545,138	24,028,498	26,573,636
Cash and cash equivalents at beginning of year	3,431,189	727,494	505,154	4,663,837	38,631,491	43,295,328
Cash and cash equivalents at end of year	$ 5,909,699	768,787	530,489	7,208,975	62,659,989	69,868,964

Reconciliation to combined balance sheet:	
Cash and cash equivalents - Above	530,489
Cash and cash equivalents - Pension Trust Fund	18,201,556
Cash and cash equivalents - Expendable Trust Fund	19,765,597
Cash and cash equivalents - Agency Fund	1,996,581
Total cash and cash equivalents	40,494,223
Investments	329,764,914
Total cash and investments	$ 370,259,137

See accompanying notes to general purpose financial statements.

Notes To General Purpose Financial Statements

This section explains the accounting principles used in the preparation of the 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.

CITY OF CAMBRIDGE, MASSACHUSETTS

Notes to General Purpose Financial Statements

June 30, 1998

(1) The Financial Reporting Entity

(a) Primary Government

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

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

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

(b) Blended Component Unit Disclosure

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

Financial statements for the System are included herein for its fiscal year ended December 31, 1997 and are available from its offices at 255 Bent Street, Cambridge, Massachusetts 02141.

(c) Discretely Presented Component Unit Disclosure

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

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

Complete financial statements for the CPHC for its fiscal year ended June 30, 1998 are available from its offices on 65 Beacon Street, Somerville, Massachusetts 02143.

(d) *Joint Ventures*

Municipal joint ventures pool resources to share the costs, risks and rewards of providing services to their participants, the general public or others. The City is a participant in a joint venture to operate the Massachusetts Bay Transportation Authority (MBTA), a component unit of the Commonwealth of Massachusetts (the "Commonwealth"). The City is indirectly liable for debt (see note 7) and other expenses incurred by the MBTA. The MBTA, created in 1964 as a body politic and corporate and political subdivision of the Commonwealth, provides rapid transit and other mass transportation services to the City and to 78 other cities and towns within its jurisdiction. The City's annual assessment, including debt service, from the MBTA for 1998 amounted to $6,645,393. The City does not have an equity interest in the MBTA.

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

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

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

While the City does not have an equity interest in the Authority, it is indirectly liable for its debt (see note 7) and certain other Authority expenses. The City's annual assessment for 1998, including debt service from the Authority was $13,805,691.

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

(e) *Related Organization*

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

(2) Summary of Significant Accounting Policies

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

(a) *Basis of Presentation*

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

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

GOVERNMENTAL FUND TYPES

Governmental Funds are used to account for the City's expendable financial resources and related liabilities (except those accounted for in proprietary funds and nonexpendable trust funds). The measurement focus is based upon determination of changes in financial position and the flow of current financial resources. The following are the City's governmental fund types:

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

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

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

PROPRIETARY FUND TYPES

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

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

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

FIDUCIARY FUND TYPES

Fiduciary Funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. These include (1) expendable trust funds, (2) nonexpendable trust funds, (3) pension trust funds, and (4) agency funds. Expendable trust funds are accounted for similar to governmental funds. Nonexpendable trust funds and pension trust funds are accounted for similar to proprietary funds. Agency funds are custodial in nature and do not involve measurement of results of operations.

(Continued)

ACCOUNT GROUPS

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

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

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

(b) Basis of Accounting

The modified accrual basis of accounting is followed by governmental funds, expendable trust funds, and agency funds. Under the modified accrual basis of accounting, revenues are recorded when they become measurable and available to pay liabilities of the current period. Revenues not considered available are recorded as deferred revenues. Expenditures are recorded when the liability is incurred except for (1) interest on general long-term obligations, which is recorded when due, and (2) the noncurrent portion of accrued vacation and sick leave, and self-insured claims, which are recorded in the general long-term obligations account group.

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

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

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

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

(c) Basis of Investment Valuation

In conformance with GASB No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, investments are presented in the accompanying general purpose financial statements at fair value. Where applicable, fair values are based on quotations from national securities exchanges.

The adoption of GASB No. 31 in fiscal 1998 was not material to the general purpose financial statements.

(Continued)

(d) ***Cash Equivalents***

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

(e) ***Encumbrances and Continuing Appropriations***

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

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

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

(f) ***Compensated Absences***

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

The liabilities for accrued sick leave are determined based on the number of allowable days accumulated at June 30, 1998 (vesting method).

(g) ***General Fixed Assets***

General fixed assets have been acquired for general governmental purposes. Assets purchased are recorded as expenditures in the governmental funds and capitalized at cost in the general fixed assets account group. Purchased fixed assets are valued at cost where historical records are available and at estimated historical cost where no historical records exist. Donated fixed assets are valued at their estimated fair market value at the time received.

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

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.

(Continued)

No depreciation has been provided on general fixed assets, nor has interest been capitalized because it is not material.

(h) ***Property, Plant and Equipment***

Property, plant and equipment owned by the proprietary funds is stated at historical cost or estimated fair market value at the time received. Net interest costs are capitalized on projects during the construction period. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Buildings	25-50 years
Improvements other than buildings	10-20 years
Equipment	5-30 years

(i) ***Use of Estimates***

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

(j) ***Restricted Cash and Investments***

Restricted cash reflected in the Capital Projects funds represents amounts held in escrow for the installation of specific capital equipment. Restricted cash and investments also includes assets set aside by the Board of Trustees of CPHC for future capital improvements, including funded depreciation, over which the Board retains control and may at its discretion subsequently use for other purposes.

(k) ***Total Columns - Memorandum Only***

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

(3) Property Taxes

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

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

(4) Budget Basis of Accounting

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

(1) Salaries and wages,
(2) Other ordinary maintenance,
(3) Travel and training, and
(4) Extraordinary expenditures.

Proposed expenditure appropriations for all departments and operations of the City, except that of public schools, are prepared under the direction of the City Manager. School Department appropriations are acted upon directly by the School Committee up to the level of certain prior year school appropriations. The City Manager may recommend additional sums for school purposes. In addition, the City Manager may submit to the City Council such supplementary appropriation orders as are deemed necessary. The City Manager may amend appropriations within the above mentioned categories for a department without seeking City Council approval.

The City Council may reduce or reject any item in budgets submitted by the City Manager but may not increase or add items without the recommendation of the City Manager. Supplemental appropriations for the year ended June 30, 1998, after the setting of the tax rate, were $8,164,995 and are reflected in the budgetary basis financial statements.

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

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).

(Continued)

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

	Revenues	Expenditures	Other Financing (uses)
As reported on a budgetary basis	$ 236,439,003	233,957,889	(5,117,720)
Adjustments:			
To record revenue and other financing sources on a modified accrual basis of accounting	3,822,276	—	663,990
To adjust for encumbrances and continuing appropriations	—	(616,906)	—
As reported on GAAP basis	$ 240,261,279	233,340,983	(4,453,730)

(5) Deposits and Investments

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

In addition, the Cambridge Retirement System has additional investment powers, most notably the ability to invest in common stocks, corporate bonds and other specified investments.

(a) *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, 1998.

	Bank Balances Category 1	2	3	Total Bank Balance	Carrying Amount
Primary Government					
Cash	$ 300,000	—	1,849,682	2,149,682	3,235,912
Money market	292,685	18,178,277	11,786,027	30,256,989	24,778,929
Total	$ 592,685	18,178,277	13,635,709	32,406,671	28,014,841
Discretely Presented Component Unit (CPHC)					
Cash	$ 13,962	—	4,529,682	4,543,644	4,543,644
Money market	100,000	—	44,350	144,350	144,350
Total	$ 113,962	—	4,574,032	4,687,994	4,687,994

(Continued)

(b) 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, insurance contracts and pooled funds, are not categorized.

Primary Government		Category 1	Category 2	Category 3	Not Categorized	Total Carrying Amount	Estimated Market Value
MMDT	$	—	—	—	87,969,580	87,969,580	87,969,580
Common stocks		—	207,733,414	—	—	207,733,414	207,733,414
Corporate bonds		—	88,134,329	—	—	88,134,329	88,134,329
U.S. Treasury notes		—	24,274,049	—	—	24,274,049	24,274,049
Insurance contracts		—	—	—	9,615,260	9,615,260	9,615,260
Total	$	—	320,141,792	—	97,584,840	417,726,632	417,726,632

Discretely Presented Component Unit (CPHC)		Category 1	Category 2	Category 3	Not Categorized	Total Carrying Amount	Estimated Market Value
MMDT	$	—	—	—	80,228,556	80,228,556	80,228,556
U.S. Treasury notes		—	22,461,527	—	—	22,461,527	22,461,527
Corporate and foreign bonds		—	20,302,359	—	—	20,302,359	20,302,359
Total	$	—	42,763,886	—	80,228,556	122,992,442	122,992,442

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 Cambridge Retirement System constitute 98% of the amount in Category 2 of the Primary Government.

(6) Fixed Assets

A summary of general fixed assets activity in the general fixed assets account group for the year ended June 30, 1998 follows:

	Balance June 30, 1997	Additions	Disposals	Balance June 30, 1998
Land	$ 172,112,238	—	—	172,112,238
Buildings	112,073,322	9,200	(900)	112,081,622
Improvements other than buildings	12,117,003	26,125	—	12,143,128
Equipment	28,308,899	4,076,913	(1,349,655)	31,036,157
Construction in progress	6,680,170	9,361,046	—	16,041,216
	$ 331,291,632	13,473,284	(1,350,555)	343,414,361

A summary of proprietary fund type property, plant and equipment at June 30, 1998 follows:

	Enterprise	Internal Service
Land	$ 39,219,717	—
Buildings	5,722,136	—
Improvements other than buildings	16,623,530	—
Equipment	8,655,560	171,181
Construction in progress	3,395,409	—
	73,616,352	171,181
Less accumulated depreciation	(5,018,920)	(171,181)
	$ 68,597,432	—

Construction in progress at June 30, 1998 is comprised of the following:

	Project Authorization	Expended	Committed
General Fixed Assets:			
City hall renovations	$ 5,350,000	1,057,223	4,292,777
Geographic information	1,500,000	1,085,187	414,813
East Cambridge Youth Center	4,970,047	4,720,022	250,025
Morse School	9,830,000	8,252,356	1,577,644
Fitzgerald School	14,432,000	926,428	13,505,572
	$ 36,082,047	16,041,216	20,040,831
Water Fund:			
Water Treatment Plant	$ 3,555,000	3,395,409	159,591

(Continued)

Discretely Presented Component Unit (CPHC)

Property, plant and equipment at June 30, 1998 is comprised of the following:

Land and improvements	$ 6,733,564
Buildings and improvements	49,974,355
Major movable equipment	36,891,736
Fixed equipment	37,726,777
Construction in progress	40,636,971
	171,963,403
Less accumulated depreciation	(65,872,682)
	$ 106,090,721

(7) Long-term Debt

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are backed by the full faith and credit of the City. Bonds reported in the proprietary funds are expected to be paid from proprietary fund revenues. Bonds reported in the general long-term obligations account group are expected to be paid from general fund revenues. CPHC has assumed responsibility for paying to the City an amount equal to current debt service on all outstanding general obligation bonds of the City issued for public health and hospital purposes. These general obligation bonds amounted to $32,770,000 at June 30, 1998.

The following is a summary of general obligation bonds and notes payable of the City for the year ended June 30, 1998:

	Governmental Funds	Enterprise Fund	Total
Bonds and notes payable at June 30, 1997	$ 66,923,995	12,211,000	79,134,995
Debt retired: Serial bonds	(11,065,884)	(2,898,000)	(13,963,884)
Additional debt	45,343,453	—	45,343,453
Bonds and notes payable at June 30, 1998	$ 101,201,564	9,313,000	110,514,564

Principal retirement of governmental funds has been reflected in the general purpose financial statements as debt service expenditures of $7,768,884 and education expenditures of $3,297,000 totaling $11,065,884 of principal costs.

The following is a summary of the composition of general long-term obligations outstanding at June 30, 1997 and 1998:

Description and Repayment Terms	Date of Issue	Original Issue	Maturity Date	Interest Rates	Outstanding June 30, 1997	Additions	Retirements	Outstanding June 30, 1998
General purpose, serial maturities through June 15, 2007	6/15/87 to 6/15/97	$ 14,755,000	6/15/07	4.0% to 6.0%	12,010,000	—	1,630,000	10,380,000
Urban redevelopment, serial maturities through June 15, 2007	7/1/85 to 6/15/97	19,790,000	6/15/07	3.75% to 6.6%	12,335,000	—	2,420,000	9,915,000
Schools, serial maturities through June 15, 2006	6/15/78 to 2/1/98	58,640,000	6/15/06	3.75% to 5.75%	19,929,000	12,000,000	3,187,000	28,742,000
Street reconstruction, serial maturities through June 15, 1999	6/15/87 to 6/15/89	3,500,000	6/15/99	5.6% to 6.5%	600,000	—	350,000	250,000
Sewer, serial maturities through August 1, 2008	9/1/72 to 6/15/97	16,627,838	8/1/08	2.35% to 5.25%	16,799,995	—	1,988,884	14,811,111
Hospital, serial maturities through June 15, 2000	6/15/87 to 2/1/98	43,350,000	6/16/00	5.6% to 6.6%	3,505,000	30,000,000	1,335,000	32,170,000
Neville Manor, serial maturities through June 15, 2002	6/15/92	1,500,000	6/15/02	4.3% to 5.3%	750,000	—	150,000	600,000
Section 108 HUD notes payable		1,000,000			995,000	—	5,000	990,000
Notes payable		3,343,453	6/15/02	6.85%	—	3,343,453	—	3,343,453
Total bonds and notes payable		$ 162,506,291			66,923,995	45,343,453	11,065,884	101,201,564
Accrued compensated absences					8,680,189	233,792	—	8,913,981
Accrued claims					1,809,715	903,292	599,711	2,113,296
Total general long-term obligations					$ 77,413,899	46,480,537	11,665,595	112,228,841

The annual requirements to amortize all general long-term obligation bonds and notes payable outstanding as of June 30, 1998, are as follows:

Year ending June 30,		Principal	Interest	Total
1999	$	12,468,740	4,896,751	17,365,491
2000		11,578,880	4,282,286	15,861,166
2001		10,733,749	3,695,611	14,429,360
2002		10,454,280	3,175,959	13,630,239
2003		10,196,883	2,653,317	12,850,200
Thereafter		45,769,032	7,271,106	53,040,138
	$	101,201,564	25,975,030	127,176,594

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 February 1, 1998, the City issued $42,000,000 in general obligation bonds. These Municipal Purpose Loans will fund the following:

Construction of Ambulatory Care Center and Parking Facility	$	30,000,000
Reconstruction/Repair to Elementary School		12,000,000
	$	42,000,000

The City has entered into loan agreements with the Massachusetts Water Pollution Abatement Trust (MWPAT). The loans provide funding for the Sewer Separation Project. According to the loan agreements, the City will be subsidized on a periodic basis for debt and interest costs. The City received $1,530,863 in subsidies during fiscal 1998. Loan repayments commenced on February 1, 1994 and end on August 1, 2008, with interest rates ranging from 2.35% to 5.25%.

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

As of June 30, 1998, the City may issue approximately $116,370,000 additional general obligation debt under the normal debt limit. The City has approximately $40,498,453 of debt exempt from the debt limit.

Authorized and unissued debt at June 30, 1998, is as follows:

School Renovations	$ 700,000
City Hall Renovations	4,830,000
Sewer Separation Project	23,789,798
Section 108 Biotechnology	3,500,000
Fitzgerald School Renovations	14,432,000
East Cambridge Youth Center	700,000
One Per Cent for the Arts	61,000
FiberOptic Network Infrastructure	355,000
Reconnection of Sanitary Services	1,300,000
Acquisition of new financial system	2,250,000
Replacement of Roof at CRLS	3,200,000
Network Infrastructure Project	315,000
Inflow/Infiltration Project	1,620,975
Construction of New Water Treatment Plant	76,700,000
	$ 133,753,773

At June 30, 1998, the City had grants receivable from the School Building Assistance Bureau (SBAB) of $23,147,462 to defray principal and interest costs related to $34,898,956 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 1998, the City received $2,316,281 of such assistance. Assuming satisfactory audit results and annual appropriations by the State legislature, $3,343,337 will be received in 1999, $3,281,828 in 2000 and the balance will be received in subsequent years.

Enterprise Fund serial bond issues outstanding at June 30, 1998 for the Water Fund were $9,313,000. The interest rates ranged from 3.75% to 6.6%. Outstanding debt matures in subsequent fiscal years as follows:

Year ending June 30,	**Principal**	**Interest**	**Total**
1999	$ 2,900,000	487,965	3,387,965
2000	2,513,000	332,416	2,845,416
2001	1,487,000	199,176	1,686,176
2002	542,000	123,079	665,079
2003	542,000	96,009	638,009
Thereafter	1,329,000	125,588	1,454,588
	$ 9,313,000	1,364,233	10,677,233

(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, 1998 and the City's 1998 assessment from each entity:

	Long-term debt outstanding (unaudited)	The City's estimated share	The City's estimated indirect debt	1998 Assessment including debt service
MBTA	$ 3,210,730,000	4.29%	$ 137,588,326	$ 6,645,393
MWRA	3,474,721,000	4.08%	141,599,725	13,805,691
Middlesex County	1,680,000	11.70%	196,560	196,560

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

Individual balances of amounts due from and to other funds at June 30, 1998 are as follows:

	Due from other funds	Due to other funds
General Fund	$ 4,373,530	—
Capital Projects Fund	17,539,102	18,814,475
Enterprise Funds:		
Water Fund	—	789,325
Internal Service Fund	16	—
Special Revenue Funds:		
CDBG Grants	—	1,811,051
Other Grants	—	497,781
Trust Funds:		
Nonexpendable	15	11,361
Expendable	11,361	31
	$ 21,924,024	21,924,024

Fund balances are reserved for the following purposes as of June 30, 1998:

General Fund:	
Fiscal 1999 Appropriations	$ 2,400,000
Traffic-Calming Projects	500,000
Coffon Building Renovations	200,000
Open Space Improvements	570,000
City Hall Annex Renovations	125,000
Building Renovations	755,000
Park Preventative Maintenance and Beautification Programs	1,000,000
Affordable Housing Trust	2,250,000
	$ 7,800,000

Special Revenue Funds:		
Fuel Assistance Grants	$	152,167
Parking Funds		4,362,118
School Grants		1,573,861
	$	6,088,146
Trust Funds:		
Retirement System	$	347,061,238
City Stabilization		5,924,883
School Stabilization		1,384,237
Health Claims		11,757,815
Housing		6,481,178
Cemetery Perpetual Care		1,588,242
School		247,814
Neville Manor		78,552
Library		223,602
Other Trust Funds		656,979
	$	375,404,540

(9) Retirement Plan

(a) *Plan Description*

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

(b) *Membership*

Membership in the System consisted of the following at January 1, 1998, the date of the latest actuarial valuation:

Retirees and beneficiaries receiving benefits	1,606
Terminated plan members entitled to but not receiving benefits	380
Active plan members	3,400
Total membership	5,386
Total number of participating employers	3

(c) Contributions

Plan members are required to contribute to the System, in varying amounts depending on their employment date. Active members must contribute between 5% and 9% of their regular gross compensation depending on the date upon which their membership began. Members hired after December 31, 1978 must contribute an additional 2% of regular compensation in excess of $30,000. Participating employers are required to pay into the System, their share of the remaining system-wide actuarially determined contribution costs. The Commonwealth reimburses the City for a portion of the benefit payments for cost-of-living increases accrued prior to July 1, 1997. The contributions of plan members and the participating employers are governed by Chapter 32 of the MGL. The City's and the CPHC's contributions to the System for the years ended June 30, 1998, 1997 and 1996 were $15,186,495, $15,190,779, and $15,066,694, and $3,583,760, $3,588,110, and $3,355,800, respectively, which equaled their required contributions for each year.

(d) Legally Required Reserve Accounts

The balances in the System's legally required reserves (on the statutory basis of accounting) at December 31, 1997 are as follows:

Description	Amount	Purpose
Annuity Saving Fund	$ 93,665,118	Active members' contribution balance
Annuity Reserve Fund	25,039,226	Retired members' contribution account
Military Service Credit	618	Members' contribution account while on military leave
Expense Account	2,137,387	Balance of amount appropriated for administering the system
Pension Reserve Fund	154,668,769	Amounts appropriated to fund future retirement benefits
Pension Fund	68,794,973	Remaining net assets
Total	$ 344,306,091	

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

(e) Investment Concentration

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

(10) Other Post-employment Benefit Disclosures

All retired employees eligible for pension benefits, as well as teachers covered under the Commonwealth of Massachusetts Teachers' Retirement System ("TRS"), receive certain post-retirement benefits including major health, dental and life insurance under Chapter 32 of the MGL. The City funds 90% of health insurance premiums, with the remaining 10% paid by the retiree. The City also funds 75% of life insurance premiums, with the remaining 25% paid by the retiree. The City funds 100% of dental and vision premiums. The number of employees covered was 1,606 at June 30, 1998. The City's cost of these post-retirement benefits for fiscal 1998 was $3,876,129, which is funded and accounted for on a pay-as-you-go basis.

(Continued)

(11) Deferred Compensation Plan

During the fiscal year ended June 30, 1998, the City amended its deferred compensation plan such that the plan's assets are now held in trust for the exclusive benefit of participants and their beneficiaries. Since the City is not actively involved in managing plan assets and in accordance with Governmental Accounting Standards Board Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code, Section 457, Deferred Compensation Plans*, the City has eliminated the plan assets and related liabilities from its Agency Funds, which amounted to $25,927,878 at July 1, 1997.

(12) Operating Transfers

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

	General	Special Revenue	Capital Projects	Enterprise	Expendable Trust	Non-Expendable Trust	Internal Services
Parking Receipts	$ 11,093,881	(11,573,881)	480,000	—	—	—	—
Capital Improvements	(7,812,700)	—	7,812,700	—	—	—	—
Sewer Reconstruction	(2,855,000)	—	2,855,000	—	—	—	—
Water Overhead	365,450	—	—	(365,450)	—	—	—
Health Claims Trust	2,078,777	—	—	—	(2,078,777)	—	—
Miscellaneous Trusts	—	—	—	—	20,747	(20,763)	16
Cemetery Perpetual Care	45,000	—	50,000	—	(95,000)	—	—
School Stabilization	227,862	—	—	—	(227,862)	—	—
Housing Trust	—	—	(4,500,000)	—	4,500,000	—	—
Community Development Block Grant	—	(2,193,796)	2,193,796	—	—	—	—
Human Services Grant	—	21,000	(21,000)	—	—	—	—
	$ 3,143,270	(13,746,677)	8,870,496	(365,450)	2,119,108	(20,763)	16

For fiscal year 1998, the City Council appropriated and CPHC was paid $8,597,000. The Commission also reimbursed the City $1,000,000. Thus, the net payment to the CPHC in fiscal year 1998 was $7,597,000.

As outlined in Note 7, the City issued $30,000,000 of general obligation bonds on behalf of CPHC during fiscal year 1998 and transferred the proceeds to CPHC. Consistent with the contractual agreement between the City and CPHC, the City will be reimbursed by CPHC for future principal and interest payments associated with debt issued on CPHC's behalf. Accordingly, a receivable from CPHC and deferred revenue for this amount has been reflected at June 30, 1998.

(13) Risk Management

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

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

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

Consistent with the agreement between the City and CPHC, the City will be reimbursed by CPHC for future principal and interest payments associated with debt issued on CPHC's behalf. Accordingly, an interfund receivable of $32,770,000 has been reflected at June 30, 1998.

Employees contribute approximately 10% of the cost of healthcare with the remainder paid by the City. These costs are accounted for in the general fund. The contribution rate for retirees is 1% for those who qualify for Medicare and 10% for those who do not. While the City does not carry stop-loss insurance, it has set aside $11,757,815 in a trust fund for this purpose.

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

Changes in the self insurance liability for the years ended June 30, 1998 and 1997 are as follows:

		General Long-Term Obligations Account Group	
		1998	1997
Accrued claims, beginning of year	$	1,809,715	2,734,131
Incurred claims		903,292	1,183,353
Less: Payments of claims attributable to events of both current and prior fiscal years		(599,711)	(1,459,255)
Hospital claims transferred to CPHC		—	(648,514)
Accrued claims, end of year	$	2,113,296	1,809,715

There are numerous cases pending in courts throughout the Commonwealth where the City of Cambridge is a defendant. In addition, the City has been named as a defendant in a legal action with a general contractor of the Haggerty School. In regards to this action the City has filed counterclaims against several subcontractors. Legal counsel is unable to determine the likelihood of an unfavorable decision, if any. In the opinion of the City Solicitor, none of the pending litigation is likely to result, either individually or in the aggregate, in final judgments against the City that would materially affect its financial position.

(14) Fund Deficit

The following fund had a deficit fund balance at June 30, 1998:

Special Revenue:		
Other Grants	$	(347,990)

(15) Year 2000 Initiative (Unaudited)

The "Year 2000 problem" refers to the potential inability of many computer programs, electronic data processing systems and equipment with embedded microchips to function properly due to certain date-related programming conventions. The most significant of these problems arises because many existing computer programs use only the last two digits to refer to a year. Therefore, these programs may recognize the date using "00" as the year 1900 rather than the year 2000. If the Year 2000 problem is not addressed, it could result in system failures or miscalculations causing disruptions in operations and normal business activities.

The City began addressing the Year 2000 issue in fiscal 1995 with the planning efforts of the City's Finance and Management Information Services (MIS) Department. The MIS Department is responsible for remediation of inter-departmental applications, PCs, network infrastructure components, and for assisting with Year 2000 coordination City-wide, with executive oversight provided by a committee consisting of the MIS Director, Emergency Communications Director, and the Assistant City Manager of Finance.

The City's Year 2000 project consists of the five recognized phases of Year 2000 remediation: awareness, assessment, renovation, validation and implementation. Current efforts are devoted to the following areas:

- The MIS Department is in the process of editing the mainframe applications (primarily financial) for Year 2000 compliance utilizing both in-house staff and consultant resources with a projected completion date of June 30, 1999 for editing, testing and implementation of all Year 2000 compliant software.

- The Emergency Communications Department is coordinating the audit underway in the Public Safety area. Although, not yet completed, the audit has identified several issues that need to be addressed in the upcoming year.

- Finally, all departments have been advised of their responsibility to contact vendors of specialized software/hardware systems in use to ensure Year 2000 compliance. Department Year 2000 compliance audits will be submitted on December 18, 1998 and will include remediation plans for any Year 2000 issues with a completion goal of June 30, 1999.

REQUIRED SUPPLEMENTARY INFORMATION

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

(Unaudited)

CITY OF CAMBRIDGE, MASSACHUSETTS

Required Supplementary Information

(Dollars In Thousands)

Schedules of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets A	Actuarial Accrued Liability B	Unfunded AAL (UAAL) B-A	Funded Ratio A/B	Covered Payroll C	UAAL as a Percentage of Covered Payroll ((B-A)/C)
1/1/98	$ 342,788	$ 390,946	$ 48,158	87.68%	$ 132,440	36.36%
1/1/96	233,883	341,531	107,648	68.48%	114,387	94.11%
1/1/94	182,632	323,644	141,012	56.43%	109,775	128.46%
1/1/93	158,595	279,715	121,120	56.70%	99,063	122.27%
1/1/91	118,507	251,035	132,528	47.21%	83,460	158.79%

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

Schedule of Contributions from Employers

Year Ended December 31,	Annual Required Contribution	Percentage Contributed
1997	$ 21,288	100.00%
1996	21,216	100.00%
1995	20,669	100.00%
1994	19,029	100.00%
1993	16,843	100.00%
1992	16,507	100.00%
1991	15,814	100.00%

Notes to Schedules

Additional information as of the latest actuarial valuation follows:

Valuation date	1/1/98
Actuarial cost method	Entry Age Normal Cost
Amortization method	Approximate level percent of payroll-open
Remaining amortization period	Varied based upon Active or Retired status 10 yrs. Retirees/Early 26 yrs. Active members
Asset valuation method	Market Value
Actuarial assumptions:	
Investment rate of return	8.5%
Projected salary increases	5.5%
Cost-of-living adjustments	3.0%

SUPPLEMENTARY STATEMENTS AND SCHEDULES

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

CITY OF CAMBRIDGE, MASSACHUSETTS

General Fund

Schedule of Expenditures - Budgetary Basis

Year ended June 30, 1998

	Budget	Actual	Variance Favorable (Unfavorable)
General Government:			
Mayor:			
Salaries and wages	$ 223,030	206,780	16,250
Other ordinary maintenance	82,625	74,095	8,530
Travel and training	19,200	13,854	5,346
Extraordinary expenditures	—	—	—
Total Mayor	324,855	294,729	30,126
City Manager:			
Salaries and wages	688,450	671,185	17,265
Other ordinary maintenance	300,710	299,731	979
Travel and training	26,225	25,682	543
Extraordinary expenditures	—	—	—
Total City Manager	1,015,385	996,598	18,787
City Council:			
Salaries and wages	601,275	596,742	4,533
Other ordinary maintenance	25,170	24,769	401
Travel and training	40,700	38,202	2,498
Extraordinary expenditures	—	—	—
Total City Council	667,145	659,713	7,432
City Clerk:			
Salaries and wages	482,800	476,098	6,702
Other ordinary maintenance	60,080	58,580	1,500
Travel and training	750	672	78
Extraordinary expenditures	—	—	—
Total City Clerk	543,630	535,350	8,280
Law:			
Salaries and wages	894,815	894,814	1
Other ordinary maintenance	595,225	595,070	155
Travel and training	9,510	9,472	38
Extraordinary expenditures	—	—	—
Total Law	1,499,550	1,499,356	194

(Continued)

CITY OF CAMBRIDGE, MASSACHUSETTS

General Fund

Schedule of Expenditures - Budgetary Basis

Year ended June 30, 1998

	Budget	Actual	Variance Favorable (Unfavorable)
Finance:			
Salaries and wages	$ 4,288,005	4,066,823	221,182
Other ordinary maintenance	1,273,880	1,248,784	25,096
Travel and training	180,365	166,271	14,094
Extraordinary expenditures	2,800	2,337	463
Total Finance	5,745,050	5,484,215	260,835
Employment Benefits:			
Salaries and wages	6,087,472	5,550,007	537,465
Other ordinary maintenance	585,000	434,449	150,551
Travel and training	—	—	—
Extraordinary expenditures	—	—	—
Total Employment Benefits	6,672,472	5,984,456	688,016
General Services:			
Salaries and wages	310,940	310,938	2
Other ordinary maintenance	381,840	380,081	1,759
Travel and training	—	—	—
Extraordinary expenditures	—	—	—
Total General Services	692,780	691,019	1,761
Election Commission:			
Salaries and wages	388,455	388,452	3
Other ordinary maintenance	148,047	147,585	462
Travel and training	2,270	1,457	813
Extraordinary expenditures	—	—	—
Total Election Commission	538,772	537,494	1,278
Public Celebrations:			
Salaries and wages	277,730	273,190	4,540
Other ordinary maintenance	234,450	231,325	3,125
Travel and training	1,125	993	132
Extraordinary expenditures	—	—	—
Total Public Celebrations	513,305	505,508	7,797

(Continued)

CITY OF CAMBRIDGE, MASSACHUSETTS

General Fund

Schedule of Expenditures - Budgetary Basis

Year ended June 30, 1998

	Budget	Actual	Variance Favorable (Unfavorable)
Reserve:	$		
Salaries and wages	—	—	—
Other ordinary maintenance	120	—	120
Travel and training	—	—	—
Extraordinary expense	—	—	—
Total Reserve	120	—	120
Animal Commission:			
Salaries and wages	161,285	161,283	2
Other ordinary maintenance	11,380	11,166	214
Travel and training	90	90	—
Extraordinary expenditures	29,000	28,858	142
Total Animal Commission	201,755	201,397	358
Total General Government	18,414,819	17,389,835	1,024,984
Public Safety:			
Fire:			
Salaries and wages	22,091,475	22,091,470	5
Other ordinary maintenance	543,880	543,739	141
Travel and training	251,750	251,375	375
Extraordinary expenditures	45,000	44,995	5
Total Fire	22,932,105	22,931,579	526
Police:			
Salaries and wages	25,159,455	24,457,741	701,714
Other ordinary maintenance	777,500	768,129	9,371
Travel and training	245,000	243,928	1,072
Extraordinary expenditures	202,610	202,610	—
Total Police	26,384,565	25,672,408	712,157
Traffic and Parking:			
Salaries and wages	3,731,840	3,662,251	69,589
Other ordinary maintenance	2,401,360	2,387,876	13,484
Travel and training	71,400	69,845	1,555
Extraordinary expenditures	25,000	25,000	—
Total Traffic and Parking	6,229,600	6,144,972	84,628

(Continued)

CITY OF CAMBRIDGE, MASSACHUSETTS

General Fund

Schedule of Expenditures - Budgetary Basis

Year ended June 30, 1998

	Budget	Actual	Variance Favorable (Unfavorable)
Police Review and Advisory Board:			
Salaries and wages	$ 53,060	53,055	5
Other ordinary maintenance	8,220	7,301	919
Travel and training	3,000	3,000	—
Extraordinary expenditures	—	—	—
Total Police Review and Advisory Board	64,280	63,356	924
Inspectional Services:			
Salaries and wages	1,524,705	1,524,704	1
Other ordinary maintenance	76,355	75,563	792
Travel and training	43,335	41,999	1,336
Extraordinary expenditures	—	—	—
Total Inspectional Services	1,644,395	1,642,266	2,129
License:			
Salaries and wages	497,785	497,784	1
Other ordinary maintenance	78,390	75,219	3,171
Travel and training	8,800	8,522	278
Extraordinary expenditures	—	—	—
Total License	584,975	581,525	3,450
Weights and Measures:			
Salaries and wages	77,070	77,065	5
Other ordinary maintenance	2,080	629	1,451
Travel and training	—	—	—
Extraordinary expenditures	—	—	—
Total Weights and Measures	79,150	77,694	1,456
Electrical:			
Salaries and wages	716,850	671,769	45,081
Other ordinary maintenance	1,373,870	1,360,821	13,049
Travel and training	1,670	375	1,295
Extraordinary expenditures	45,975	45,975	—
Total Electrical	2,138,365	2,078,940	59,425

(Continued)

CITY OF CAMBRIDGE, MASSACHUSETTS

General Fund

Schedule of Expenditures - Budgetary Basis

Year ended June 30, 1998

	Budget	Actual	Variance Favorable (Unfavorable)
Emergency Management:			
Salaries and wages	$ 80,590	80,581	9
Other ordinary maintenance	17,060	15,406	1,654
Travel and training	100	—	100
Extraordinary expenditures	—	—	—
Total Emergency Management	97,750	95,987	1,763
Emergency Communications:			
Salaries and wages	2,110,305	2,110,285	20
Other ordinary maintenance	166,010	131,790	34,220
Travel and training	15,850	15,090	760
Extraordinary expenditures	4,000	3,767	233
Total Emergency Communications	2,296,165	2,260,932	35,233
Total Public Safety	62,451,350	61,549,659	901,691
Community Maintenance and Development:			
Public Works:			
Salaries and wages	10,253,180	10,179,347	73,833
Other ordinary maintenance	6,378,405	6,321,383	57,022
Travel and training	97,625	94,476	3,149
Extraordinary expenditures	194,500	190,637	3,863
Total Public Works	16,923,710	16,785,843	137,867
Community Development:			
Salaries and wages	2,416,169	2,358,269	57,900
Other ordinary maintenance	142,741	142,605	136
Travel and training	34,000	33,981	19
Extraordinary expenditures	—	—	—
Total Community Development	2,592,910	2,534,855	58,055
Historical Commission:			
Salaries and wages	219,360	219,358	2
Other ordinary maintenance	19,210	18,956	254
Travel and training	800	765	35
Extraordinary expenditures	—	—	—
Total Historical Commission	239,370	239,079	291

(Continued)

CITY OF CAMBRIDGE, MASSACHUSETTS

General Fund

Schedule of Expenditures - Budgetary Basis

Year ended June 30, 1998

	Budget	Actual	Variance Favorable (Unfavorable)
Conservation Commission:			
Salaries and wages	$ 43,820	32,938	10,882
Other ordinary maintenance	1,865	1,789	76
Travel and training	315	310	5
Extraordinary expenditures	—	—	—
Total Conservation Commission	46,000	35,037	10,963
Peace Commission:			
Salaries and wages	50,870	50,868	2
Other ordinary maintenance	8,265	8,239	26
Travel and training	—	—	—
Extraordinary expenditures	—	—	—
Total Peace Commission	59,135	59,107	28
Cable Television:			
Salaries and wages	188,155	172,442	15,713
Other ordinary maintenance	70,885	67,993	2,892
Travel and training	1,000	156	844
Extraordinary expenditures	30,600	30,600	—
Total CableTelevision	290,640	271,191	19,449
Total Community Maintenance and Development	20,151,765	19,925,112	226,653
Human Resource Development:			
Library:			
Salaries and wages	3,020,785	3,020,781	4
Other ordinary maintenance	666,345	665,309	1,036
Travel and training	14,150	8,825	5,325
Extraordinary expenditures	75,000	74,362	638
Total Library	3,776,280	3,769,277	7,003

(Continued)

CITY OF CAMBRIDGE, MASSACHUSETTS

General Fund

Schedule of Expenditures - Budgetary Basis

Year ended June 30, 1998

	Budget	Actual	Variance Favorable (Unfavorable)
Human Services:	$		
Salaries and wages	6,849,225	6,848,365	860
Other ordinary maintenance	1,811,280	1,760,707	50,573
Travel and training	56,624	56,086	538
Extraordinary expenditures	45,000	44,751	249
Total Human Services	8,762,129	8,709,909	52,220
Human Rights:			
Salaries and wages	122,630	118,487	4,143
Other ordinary maintenance	3,805	3,645	160
Travel and training	950	686	264
Extraordinary expenditures	—	—	—
Total Human Rights	127,385	122,818	4,567
Veterans Benefits:			
Salaries and wages	174,110	174,108	2
Other ordinary maintenance	91,600	82,965	8,635
Travel and training	5,050	5,022	28
Extraordinary expenditures	—	—	—
Total Veterans Benefits	270,760	262,095	8,665
Women's Commission:			
Salaries and wages	112,270	112,270	—
Other ordinary maintenance	6,795	6,787	8
Travel and training	1,461	1,195	266
Extraordinary expenditures	—	—	—
Total Women's Commission	120,526	120,252	274
Total Human Resource Development	13,057,080	12,984,351	72,729

(Continued)

CITY OF CAMBRIDGE, MASSACHUSETTS

General Fund

Schedule of Expenditures - Budgetary Basis

Year ended June 30, 1998

		Budget	Actual	Variance Favorable (Unfavorable)
Education:	$			
Salaries and wages		68,002,763	68,001,862	901
Other ordinary maintenance		16,621,286	16,620,937	349
Travel and training		285,981	285,946	35
Extraordinary expenditures		702,325	702,230	95
Debt: Principal payments		3,297,000	3,297,000	—
Interest payments		978,030	978,027	3
Total Education		89,887,385	89,886,002	1,383
Judgments and Claims:				
Salaries and wages		—	—	—
Other ordinary maintenance		—	—	—
Travel and training		652,765	618,451	34,314
Extraordinary expenditures		—	—	—
Total Judgements and Claims		652,765	618,451	34,314
Debt Retirement:				
Salaries and wages		—	—	—
Other ordinary maintenance		—	—	—
Travel and training		—	—	—
Principal payments: Bonded debt		7,936,890	7,768,884	168,006
Total Principal Retirement		7,936,890	7,768,884	168,006
Interest:				
Salaries and wages		—	—	—
Other ordinary maintenance		217,100	215,900	1,200
Travel and training		—	—	—
Extraordinary expenditures		2,473,120	2,311,503	161,617
Total Interest		2,690,220	2,527,403	162,817

(Continued)

CITY OF CAMBRIDGE, MASSACHUSETTS

General Fund

Schedule of Expenditures - Budgetary Basis

Year ended June 30, 1998

	Budget	Actual	Variance Favorable (Unfavorable)
Intergovernmental:	$		
MBTA:			
Salaries and wages	—	—	—
Other ordinary maintenance	6,842,474	6,902,776	(60,302)
Travel and training	—	—	—
Extraordinary expenditures	—	—	—
Total MBTA	6,842,474	6,902,776	(60,302)
County Tax:			
Salaries and wages	—	—	—
Other ordinary maintenance	233,555	222,300	11,255
Travel and training	—	—	—
Extraordinary expenditures	—	—	—
Total County Tax	233,555	222,300	11,255
MWRA:			
Salaries and wages	—	—	—
Other ordinary maintenance	13,552,090	13,552,090	—
Travel and training	—	—	—
Extraordinary expenditures	—	—	—
Total MWRA	13,552,090	13,552,090	—
Other State Assessments:			
Salaries and wages	—	—	—
Other ordinary maintenance	786,586	631,026	155,560
Travel and training	—	—	—
Extraordinary expenditures	—	—	—
Total Other State Assessments	786,586	631,026	155,560
Total Intergovernmental	21,414,705	21,308,192	106,513
Total General Fund	$ 236,656,979	233,957,889	2,699,090

SPECIAL REVENUE FUNDS

Community Development Block Grant

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

School Grants

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

Fuel Assistance

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

Parking Fund

Receipts from the Parking Fund, which consist primarily of meter collections, parking fines, and miscellaneous revenues, are recorded in this fund and support a wide range of City programs in accordance with Chapter 844 of the Massachusetts General Laws. In a similar manner to the Block Grant Funds, an amount equal to that which is appropriated to the General and Capital Projects Funds, is transferred to those funds at the end of the fiscal year.

Other Grants

Funds from a wide range of federal and state grants provide additional support to several City programs, including the Arts Council, Historical Commission, and Library. Both the receipt and expenditure of these funds are accounted for in this fund.

CITY OF CAMBRIDGE, MASSACHUSETTS

Combining Balance Sheet

Special Revenue Funds

June 30, 1998

Assets		Community Development Block Grant	School Grants	Fuel Assistance	Parking Fund	Other Grants	Total
Cash and short-term investments	$	—	1,966,143	158,796	4,349,263	—	6,474,202
Accounts receivable		1,931	—	435	12,855	519,694	534,915
Accounts receivable-developer		1,000,000	—	—	—	—	1,000,000
Due from other governments		930,345	240,804	—	—	—	1,171,149
Total assets	$	1,932,276	2,206,947	159,231	4,362,118	519,694	9,180,266
Liabilities and Fund Equity (Deficit)							
Warrants payable	$	121,225	—	7,064	—	13,551	141,840
Accrued liabilities - other		—	218,795	—	—	356,352	575,147
Due to other funds		1,811,051	—	—	—	497,781	2,308,832
Total liabilities		1,932,276	218,795	7,064	—	867,684	3,025,819
Fund equity (deficit):							
Reserved for encumbrances		—	414,291	—	—	1,899,230	2,313,521
Reserved for specific purposes		—	1,573,861	152,167	4,362,118	—	6,088,146
Unreserved		—	—	—	—	(2,247,220)	(2,247,220)
Total fund equity (deficit)		—	1,988,152	152,167	4,362,118	(347,990)	6,154,447
Total liabilities and fund equity	$	1,932,276	2,206,947	159,231	4,362,118	519,694	9,180,266

CITY OF CAMBRIDGE, MASSACHUSETTS

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

Special Revenue Funds

Year ended June 30, 1998

		Community Development Block Grants	School Grants	Fuel Assistance	Parking Fund	Other Grants	Total
Revenues:							
Intergovernmental	$	3,376,762	8,340,918	601,511	—	4,390,512	16,709,703
Private grants		—	—	—	—	177,306	177,306
Investment income		—	1,235,661	6,719	561,102	—	1,803,482
Other:							
Permits		—	—	—	89,008	—	89,008
Fines		—	—	—	6,666,342	—	6,666,342
Charges for services		—	—	—	4,751,135	—	4,751,135
Miscellaneous		389,346	—	—	6,595	4,459	400,400
Total revenues		3,766,108	9,576,579	608,230	12,074,182	4,572,277	30,597,376
Expenditures:							
General government		—	—	—	—	67,175	67,175
Public safety		—	—	—	—	539,677	539,677
Education		—	7,941,002	—	—	—	7,941,002
Fuel assistance		—	—	650,148	—	—	650,148
Community maintenance and development		1,052,062	—	—	—	1,074,962	2,127,024
Human services		628,443	—	—	—	2,585,894	3,214,337
Total expenditures		1,680,505	7,941,002	650,148	—	4,267,708	14,539,363
Excess (deficiency) of revenues over expenditures		2,085,603	1,635,577	(41,918)	12,074,182	304,569	16,058,013
Other financing sources (uses):							
Operating transfers from other funds		—	—	—	258,009	21,000	279,009
Operating transfers to other funds		(2,193,795)	—	—	(11,831,891)	—	(14,025,686)
Excess (deficiency) of revenues over expenditures and transfers		(108,192)	1,635,577	(41,918)	500,300	325,569	2,311,336
Fund equity (deficit) at beginning of year		108,192	352,575	194,085	3,861,818	(673,559)	3,843,111
Fund equity (deficit) at end of year	$	—	1,988,152	152,167	4,362,118	(347,990)	6,154,447

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 five categories: School Trust Funds, Neville Manor Nursing Home Trust Funds, Library Trust Funds, Cemetery 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, 1998

	Pension Trust Fund	Nonexpendable Trust Funds					Expendable Trust Funds										
Assets	**Retirement Trust Fund**	**School Funds**	**Neville Manor Funds**	**Library Funds**	**Cemetery Fund**	**Other Funds**	**School Funds**	**Neville Funds**	**Library Funds**	**Cemetery Fund**	**Health Claims Trust Fund**	**City Stabilization Trust Fund**	**School Stabilization Trust Funds**	**Housing Fund**	**Other Funds**	**Agency Fund**	**Total**
Cash and short-term investments	$ 18,201,556	37,421	25,857	44,824	361,379	61,008	180,465	52,695	171,341	216,953	6,714,201	5,924,883	1,384,237	4,523,420	597,402	1,996,581	40,494,223
Other investments	323,703,717	—	—	10,000	999,634	—	—	—	—	—	5,051,563	—	—	—	—	—	329,764,914
Accounts receivable	9,530,321	—	—	304	10,276	—	2,115	—	209	—	—	—	—	1,988,032	—	—	11,531,257
Due from other funds	—	15	—	—	—	—	178	124	499	10,276	—	—	—	—	284	—	11,376
Due from other governments	—	—	—	—	—	—	27,813	—	—	—	—	—	—	—	—	—	27,813
Other assets	1,505,772	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	1,505,772
Total assets	$ 352,941,366	37,436	25,857	55,128	1,371,289	61,008	210,571	52,819	172,049	227,229	11,765,764	5,924,883	1,384,237	6,511,452	597,686	1,996,581	383,335,355
Liabilities and Fund Equity																	
Guarantee deposits	$ —	—	—	—	—	—	—	—	—	—	—	—	—	—	—	1,996,581	1,996,581
Accrued liabilities - other	5,880,128	—	—	—	—	—	—	—	3,060	—	7,949	—	—	30,274	1,431	—	5,922,842
Due to other funds	—	178	124	499	10,276	284	15	—	16	—	—	—	—	—	—	—	11,392
Total liabilities	5,880,128	178	124	499	10,276	284	15	—	3,076	—	7,949	—	—	30,274	1,431	1,996,581	7,930,815
Fund balance:																	
Reserved for specific purposes	347,061,238	37,258	25,733	54,629	1,361,013	60,724	210,556	52,819	168,973	227,229	11,757,815	5,924,883	1,384,237	6,481,178	596,255	—	375,404,540
Total fund balance	347,061,238	37,258	25,733	54,629	1,361,013	60,724	210,556	52,819	168,973	227,229	11,757,815	5,924,883	1,384,237	6,481,178	596,255	—	375,404,540
Total liabilities and fund equity	$ 352,941,366	37,436	25,857	55,128	1,371,289	61,008	210,571	52,819	172,049	227,229	11,765,764	5,924,883	1,384,237	6,511,452	597,686	1,996,581	383,335,355

CITY OF CAMBRIDGE, MASSACHUSETTS

Combining Statement of Revenues, Expenses and Changes in Fund Equity

Nonexpendable Trust Funds

Year ended June 30, 1998

	Nonexpendable Trust Funds					
	School Funds	**Neville Manor Funds**	**Library Funds**	**Cemetery Funds**	**Other Funds**	**Total**
Revenues:						
Donations	$ 750	—	105	23,475	—	24,330
Investment income	2,257	1,579	2,819	10,276	3,721	20,652
Total operating income	3,007	1,579	2,924	33,751	3,721	44,982
Operating transfers from other funds	124	—	—	—	—	124
Operating transfers to other funds	(2,252)	(1,579)	(3,156)	(10,276)	(3,624)	(20,887)
Net income (loss)	879	—	(232)	23,475	97	24,219
Fund balance:						
Beginning of year	36,379	25,733	54,861	1,337,538	60,627	1,515,138
End of year	$ 37,258	25,733	54,629	1,361,013	60,724	1,539,357

CITY OF CAMBRIDGE, MASSACHUSETTS

Combining Statement of Cash Flows

Nonexpendable Trust Funds

Year ended June 30, 1998

	School Funds	Neville Manor Funds	Library Funds	Cemetery Funds	Other Funds	Total
Cash flows from operating activities:						
Operating income	$ 3,007	1,579	2,924	33,751	3,721	44,982
Adjustments to reconcile operating income to net cash provided by operating activities:						
Reclassification of investment income	(2,257)	(1,579)	(2,819)	(10,276)	(3,721)	(20,652)
Decrease in accounts receivable	—	—	46	—	—	46
Increase in interfund payables	163	124	499	—	284	1,070
Net cash provided by operating activities	913	124	650	23,475	284	25,446
Cash flows from noncapital financing activities						
Operating transfers - in	124	—	—	—	—	124
Operating transfers - out	(2,252)	(1,579)	(3,156)	(10,276)	(3,624)	(20,887)
Net cash used for noncapital financing activities	(2,128)	(1,579)	(3,156)	(10,276)	(3,624)	(20,763)
Cash flows from investing activities:						
Investment income	2,257	1,579	2,819	10,276	3,721	20,652
Net cash provided by investing activities	2,257	1,579	2,819	10,276	3,721	20,652
Net increase in cash and cash equivalents	1,042	124	313	23,475	381	25,335
Cash and cash equivalents at beginning of year	36,379	25,733	44,511	337,904	60,627	505,154
Cash and cash equivalents at end of year	$ 37,421	25,857	44,824	361,379	61,008	530,489

CITY OF CAMBRIDGE, MASSACHUSETTS

Combining Statement of Revenues, Expenditures and Changes in Fund Equity

Expendable Trust Funds

Year ended June 30, 1998

	School Funds	Neville Manor Funds	Library Funds	Cemetery Fund	Health Claims Trust Fund	City Stabilization Trust Fund	School Stabilization Trust Funds	Housing Fund	Other Funds	Total
Revenues:										
Investment income	$ 12,638	3,003	7,471	103,513	807,324	345,086	97,328	239,827	38,357	1,654,547
Donations	64,281	—	114,880	—	—	—	—	274,945	48,557	502,663
Employee deduction	—	—	—	—	1,787,193	—	—	—	—	1,787,193
Other	—	—	—	—	—	—	—	458,430	—	458,430
Total revenues	76,919	3,003	122,351	103,513	2,594,517	345,086	97,328	973,202	86,914	4,402,833
Expenditures:										
Other	16,699	1,509	45,756	—	25,004	—	—	3,321,092	93,367	3,503,427
Total expenditures	16,699	1,509	45,756	—	25,004	—	—	3,321,092	93,367	3,503,427
Excess (deficiency) of revenues over expenditures	60,220	1,494	76,595	103,513	2,569,513	345,086	97,328	(2,347,890)	(6,453)	899,406
Transfers:										
Operating transfers from other funds	2,252	1,579	3,156	10,276	721,223	—	315,708	4,500,000	3,624	5,557,818
Operating transfers to other funds	(124)	—	(16)	(95,000)	(2,800,000)	—	(543,570)	—	—	(3,438,710)
Excess (deficiency) of revenue over expenditures and transfers	62,348	3,073	79,735	18,789	490,736	345,086	(130,534)	2,152,110	(2,829)	3,018,514
Fund equity at beginning of the year	148,208	49,746	89,238	208,440	11,267,079	5,579,797	1,514,771	4,329,068	599,084	23,785,431
Fund equity at end of year	$ 210,556	52,819	168,973	227,229	11,757,815	5,924,883	1,384,237	6,481,178	596,255	26,803,945

CITY OF CAMBRIDGE, MASSACHUSETTS

Combining Statement of Changes in Assets and Liabilities Agency Funds

Year ended June 30, 1998

Assets		Balance at June 30, 1997	Additions	Deductions	Balance at June 30, 1998
Contract Bids	$	48,794	27,600	—	76,394
Plans		2,065	—	—	2,065
Tree Removals		485	—	—	485
Driveways		295,328	152,629	—	447,957
Street Openings		133,693	86,745	19,077	201,361
Sidewalk Openings		150	—	—	150
In Lieu of Bond		70,945	—	—	70,945
License Commission		10,149	—	—	10,149
Cambridge Police Detail		(342,467)	2,628,115	2,763,521	(477,873)
Cambridge Fire Detail		(719)	87,372	86,171	482
Dog Licenses		14,212	15,373	15,373	14,212
Sporting Licenses		4,209	10,816	11,359	3,666
Dog Officer		570	—	—	570
Constable Fees		9,998	110,990	114,813	6,175
Meal Tax Agency		36,619	—	—	36,619
Senior Cab		4,279	—	—	4,279
Water Service Renewal		17,422	—	—	17,422
Undistributed Interest		3,808	—	—	3,808
Purchase of Trees		10,687	9,282	140	19,829
Accident & life Insurance		58,886	98,444	93,606	63,724
Medicare		2,787	8	—	2,795
Car Seat Program		1,539	—	—	1,539
Deferred Compensation		1,410	—	—	1,410
Legal Fees		20,175	4,870	—	25,045
Retirement Office Payroll		(2,423)	224,379	250,716	(28,760)
New England Life		418,438	49,588	262	467,764
Continental Casualty		(3,435)	4,112	3,152	(2,475)
Teacher Insurance Reimbursement		4,940	—	—	4,940
Teachers Retirement		414,337	73,960	—	488,297
Excise Registry Fees		13,857	—	—	13,857
3 Bidglow Contingency Fund		43,863	9,853	7,466	46,250
Retroactive Wages		6	—	—	6
Land Court Fees		36,556	3,543	—	40,099
Choke Program		1,182	—	—	1,182
Unclaimed Checks		319,442	—	3,092	316,350
Stop Payments		23,138	—	—	23,138
Sewer Abatement Appraisal Fee		5,395	2,100	—	7,495
Twelve Mt. Auburn		7,684	—	—	7,684
Blue Cross		6,112	—	—	6,112
Hackney Applications		5,386	—	—	5,386
Purchase of Bike Racks		4,482	656	—	5,138
Recycling Bins		528	43	564	7
Levangie/J.P. Construction Co.		181	1,500	—	1,681
Forty-Three Mt. Auburn Rents		2,899	—	—	2,899
Police: Found Cash		—	1,103	—	1,103
Tenant - 199 Prospect St.		—	11,880	1,660	10,220
Estate of George W. Boyce		—	45,000	—	45,000
Deferred Compensation		25,927,878	—	25,927,878	—
Total	$	27,635,470	3,659,961	29,298,850	1,996,581

(Continued)

CITY OF CAMBRIDGE, MASSACHUSETTS

Combining Statement of Changes in Assets and Liabilities Agency Funds

Year ended June 30, 1998

Liabilities		Balance at June 30, 1997	Additions	Deductions	Balance at June 30, 1998
Guarantee deposits and amounts due other:					
Contract Bids	$	48,794	27,600	—	76,394
Plans		2,065	—	—	2,065
Tree Removals		485	—	—	485
Driveways		295,328	152,629	—	447,957
Street Openings		133,693	86,745	19,077	201,361
Sidewalk Openings		150	—	—	150
In Lieu of Bond		70,945	—	—	70,945
License Commission		10,149	—	—	10,149
Cambridge Police Detail		(342,467)	2,628,115	2,763,521	(477,873)
Cambridge Fire Detail		(719)	87,372	86,171	482
Dog Licenses		14,212	15,373	15,373	14,212
Sporting Licenses		4,209	10,816	11,359	3,666
Dog Officer		570	—	—	570
Constable Fees		9,998	110,990	114,813	6,175
Meal Tax Agency		36,619	—	—	36,619
Senior Cab		4,279	—	—	4,279
Water Service Renewal		17,422	—	—	17,422
Undistributed Interest		3,808	—	—	3,808
Purchase of Trees		10,687	9,282	140	19,829
Accident & life Insurance		58,886	98,444	93,606	63,724
Medicare		2,787	8	—	2,795
Car Seat Program		1,539	—	—	1,539
Deferred Compensation		1,410	—	—	1,410
Legal Fees		20,175	4,870	—	25,045
Retirement Office Payroll		(2,423)	224,379	250,716	(28,760)
New England Life		418,438	49,588	262	467,764
Continental Casualty		(3,435)	4,112	3,152	(2,475)
Teacher Insurance Reimbursement		4,940	—	—	4,940
Teachers Retirement		414,337	73,960	—	488,297
Excise Registry Fees		13,857	—	—	13,857
3 Bidglow Contingency Fund		43,863	9,853	7,466	46,250
Retroactive Wages		6	—	—	6
Land Court Fees		36,556	3,543	—	40,099
Choke Program		1,182	—	—	1,182
Unclaimed Checks		319,442	—	3,092	316,350
Stop Payments		23,138	—	—	23,138
Sewer Abatement Appraisal Fee		5,395	2,100	—	7,495
Twelve Mt. Auburn		7,684	—	—	7,684
Blue Cross		6,112	—	—	6,112
Hackney Applications		5,386	—	—	5,386
Purchase of Bike Racks		4,482	656	—	5,138
Recycling Bins		528	43	564	7
Levangie/J.P. Construction Co.		181	1,500	—	1,681
Forty-three Mt. Auburn Rents		2,899	—	—	2,899
Police: Found Cash		—	1,103	—	1,103
Tenant - 199 Prospect St.		—	11,880	1,660	10,220
Estate of George W. Boyce		—	45,000	—	45,000
Deferred Compensation		25,927,878	—	25,927,878	—
Total	$	27,635,470	3,659,961	29,298,850	1,996,581

CITY OF CAMBRIDGE, MASSACHUSETTS

DESCRIPTION OF TRUST FUNDS

School Trust Funds

Mary A. Blessington Scholarship Fund

This trust fund, established in 1993 for $2,000, is to be used to fund a scholarship to the student with the highest academic achievement at the Fletcher School. The one award will be taken from interest only, not to exceed $100. No scholarship was awarded in FY98. As of June 30, 1998, the expendable balance was $520.

FY 1998 Opening Balance	FY 1998 Income	FY 1998 Expenditures	FY 1998 Closing Balance
$ 2,374	$ 146	$ —	$ 2,520

Dr. B. Elizabeth R. Boyce Scholarship Fund

On February 27, 1998, the City received 500 shares of GTE stock from the estate of George W. Boyce to establish a scholarship fund in the memory of Dr. B. Elizabeth R. Boyce for graduates of the City's public school system. The fund is directed towards college students in social studies. No funds were expended in FY98. As of June 30, 1998, the expendable balance was $29,928.

FY 1998 Opening Balance	FY 1998 Income	FY 1998 Expenditures	FY 1998 Closing Balance
$ —	$ 29,928	$ —	$ 29,928

Robert Calef Children's Trust Fund

In 1987, the City Council accepted $6,290 to establish the Robert Calef Children's Trust Fund. The initial funding was derived from a roast of Oliver S. Brown, retiring Deputy Superintendent. The purpose of the trust is to provide books for children in kindergarten through grade three including non-graded pupils of comparable age in the Cambridge Public Schools. The funds are spent under the direction of a board of six trustees composed of six primary teachers of the Cambridge Public School system, three designated by the Superintendent of Schools and three by the President of the Cambridge Teachers' Association. Expenditures may be made from principal and interest, except that the balance shall not fall below $2,000. No books were purchased in FY98. As of June 30, 1998, the expendable balance was $8,225.

FY 1998 Opening Balance	FY 1998 Income	FY 1998 Expenditures	FY 1998 Closing Balance
$ 9,634	$ 591	$ —	$ 10,225

CITY OF CAMBRIDGE, MASSACHUSETTS

DESCRIPTION OF TRUST FUNDS

School Trust Funds

Cambridge Public School Fund

In February of 1986, the City accepted a $10,000 gift from the Amelia Peabody Foundation to establish the Cambridge Public School Trust. This initial gift was to provide for the expansion of computer capabilities at the Graham and Parks Alternative Public School, so that students with limited English speaking ability could be effectively served. Generally, this trust was established to accept special gifts for the Cambridge School Department for specific purposes, with all future gifts being formally accepted by the City Council before expenditures can occur. No funds were expended in FY98. As of June 30, 1998, the expendable balance was $8,735.

FY 1998 Opening Balance	FY 1998 Income	FY 1998 Expenditures	FY 1998 Closing Balance
$ 8,229	$ 506	$ —	$ 8,735

John Wesley Freese Fund

At the time of his death in 1910, John Wesley Freese willed the sum of $100 to the Houghton School. Of this amount only $89.36 was actually received. The school was subsequently closed and demolished; the trust now provides funds for the purchase of books or works of art for any school. Only 75% of the income can be expended with the balance reverting to the principal fund balance. No purchases of books or works were made in FY98. As of June 30, 1998, the expendable balance was $906.

FY 1998 Opening Balance	FY 1998 Income	FY 1998 Expenditures	FY 1998 Closing Balance
$ 1,122	$ 69	$ —	$ 1,191

Georgia Hardy Spelling Contest

This fund was a gift from Georgia Hardy in 1937. The fund is to be expended for a book, which is to be awarded as a prize to the winner of a spelling contest to be conducted annually among the students of the senior class of Cambridge Rindge and Latin High School. The purpose of the trust is to promote interest in the correct spelling of words of the English language. No prize was awarded in FY98. As of June 30, 1998, the expendable balance was $1,266.

FY 1998 Opening Balance	FY 1998 Income	FY 1998 Expenditures	FY 1998 Closing Balance
$ 1,193	$ 73	$ —	$ 1,266

CITY OF CAMBRIDGE, MASSACHUSETTS

DESCRIPTION OF TRUST FUNDS

School Trust Funds

Charity of Edward Hopkins Fund

This "charity" represents the oldest continuous scholarship in the United States, dating back to 1675. At that time Edward Hopkins, the Royal Governor of Connecticut, bequeathed the sum of 500 pounds for the "encouragement in those foreign plantations for the breeding of hopeful youths both at the grammar school and college levels for the public service of the country in future times." Due to political considerations, the intent of the trust was never carried out. On March 7, 1710, Head Keeper Harcourt decreed that the 500 pounds, with interest from June 10, 1700 to March 7, 1710, should be used to purchase land in New England under the name of the Corporation for the Propagation of the Gospel. The revenue from the land was to be used for the benefit of the college and grammar school at Cambridge in New England. The trustees and the City have agreed to expend 1/4 of the net income for classical instruction and scholarship prizes at the Cambridge Rindge and Latin High School. No prizes were awarded in FY98. As of June 30, 1998, the expendable balance was $842.

FY 1998 Opening Balance	FY 1998 Income	FY 1998 Expenditures	FY 1998 Closing Balance
$ 793	$ 49	$ —	$ 842

J. Maxwell Joseph Memorial Writing Center Award Trust Fund

The J. Maxwell Joseph Memorial Writing Center Award Trust Fund was established in 1989 to commemorate J. Maxwell Joseph, a 1988 graduate of Cambridge Rindge and Latin High School who died on August 26, 1988. The purpose of the Trust is to provide an annual Writing Center Award at Cambridge Rindge and Latin High School (CRLS). The award may be up to $1,000 which, beginning in 1998, may be adjusted for inflation but cannot exceed interest income earnings; however, the excess income in any one year may be retained to supplement the award when necessary. The CRLS Writing Center provides students with the opportunity to develop writing skills. This award will be granted to the graduating senior who makes the best use of the Writing Center. One prize for $1,000 was awarded during FY98. As of June 30, 1998, the expendable balance was $2,762.

FY 1998 Opening Balance	FY 1998 Income	FY 1998 Expenditures	FY 1998 Closing Balance
$ 24,097	$ 1,446	$ 1,000	$ 24,543

DESCRIPTION OF TRUST FUNDS

School Trust Funds

Edward Kingman Scholarship Fund

The sum of $1,700 was donated to Cambridge in 1931 to form the Edward L. Kingman Scholarship. This scholarship fund was established to award a prize during the first year of college to the student who graduated from Cambridge Rindge and Latin High School with the highest grade and who attends college the next year. One prize for $500 was awarded in FY98. As of June 30, 1998, the expendable balance was $7,230.

FY 1998 Opening Balance	FY 1998 Income	FY 1998 Expenditures	FY 1998 Closing Balance
$ 8,901	$ 529	$ 500	$ 8,930

Longfellow School Fund

The Longfellow School Fund is of unknown origin. It is held in trust for the students of the Longfellow School. No funds were expended in FY98. As of June 30, 1998, the expendable balance was $3,170.

FY 1998 Opening Balance	FY 1998 Income	FY 1998 Expenditures	FY 1998 Closing Balance
$ 2,987	$ 183	$ —	$ 3,170

Thomas McCann Fund

In 1989 the McCann Company established a fund to reimburse teachers who participate in training workshops on minorities and poverty. Part of this money is applied to the purchase of social studies materials. No funds were expended in FY98. As of June 30, 1998, the expendable balance was $1,941.

FY 1998 Opening Balance	FY 1998 Income	FY 1998 Expenditures	FY 1998 Closing Balance
$ 1,829	$ 112	$ —	$ 1,941

DESCRIPTION OF TRUST FUNDS

School Trust Funds

Charles E. Merrill Fund

On October 2, 1982, the City Council accepted a gift of $25,000 from the Charles E. Merrill Trust. This amount is to be used for the support of the special expenses of the Cambridge Alternative Public School. No funds were expended for the Alternative School in FY98. As of June 30, 1998, the expendable balance was $577.

FY 1998 Opening Balance	FY 1998 Income	FY 1998 Expenditures	FY 1998 Closing Balance
$ 544	$ 33	$ —	$ 577

Pasquale and Mary Reale Trust Fund

This trust in the amount of $4,000 was established in 1992 by the Cambridge Veterans Organization to honor the Memory of Pasquale Reale and his wife Mary. The purpose of the trust is to provide funds for an annual music award to a graduating senior. No awards were made during FY98. As of June 30, 1998, the expendable balance was $496.

FY 1998 Opening Balance	FY 1998 Income	FY 1998 Expenditures	FY 1998 Closing Balance
$ 4,236	$ 260	$ —	$ 4,496

Scholarship Trust Fund

Begun in 1993, this trust provides scholarship aid to residents of the City of Cambridge based on financial need, character, scholastic record, community involvement and extracurricular school activities. Any resident accepted to pursue education beyond the secondary level is eligible to apply. During FY98, $37,219 was donated to the Fund. The twelve awards made in FY97 were distributed during fiscal year 1998. As of June 30, 1998, the expendable balance was $142,537.

FY 1998 Opening Balance	FY 1998 Income	FY 1998 Expenditures	FY 1998 Closing Balance
$ 112,670	$ 44,867	$ 15,000	$ 142,537

CITY OF CAMBRIDGE, MASSACHUSETTS

DESCRIPTION OF TRUST FUNDS

School Trust Funds

School Textbook Trust Fund

This trust fund was established during fiscal year 1991 to provide funds for the purchase of textbooks. No textbooks were purchased during FY98. As of June 30, 1998, the expendable balance was $12.

FY 1998 Opening Balance	FY 1998 Income	FY 1998 Expenditures	FY 1998 Closing Balance
$ 12	$ —	$ —	$ 12

Edward J. Shea Memorial Fund

In June of 1965, the City Council accepted the Edward Shea Memorial Fund. The annual income from the principal of $300 is to be awarded to a member of the graduating class of the Cambridge Rindge and Latin High School "who has shown himself to be cognizant of the obligation of a good citizen; law abiding; a diligent student; respectful to faculty and interested in his associates." The winner is to be chosen by the Headmaster and two members of the faculty. One award was made in FY98. As of June 30, 1998, the expendable balance was $924.

FY 1998 Opening Balance	FY 1998 Income	FY 1998 Expenditures	FY 1998 Closing Balance
$ 1,202	$ 72	$ 50	$ 1,224

Webster H. Thierry Historic Prize Fund

This fund was established through a $300 donation by Adelaide R. Thierry in 1925. A book is purchased as a prize to the pupil judged by the Headmaster of Cambridge Rindge and Latin High School to have done the best work in the most advanced American History and Government course during the current year. Out of the income, each year $1 is to be added to the principal balance of the Fund. Also any income not used in the current year is returned to become part of the principal fund balance. One prize was awarded during FY98; $124 in unexpended funds was added to the principal balance. As of June 30, 1998, the expendable balance was $181.

FY 1998 Opening Balance	FY 1998 Income	FY 1998 Expenditures	FY 1998 Closing Balance
$ 3,226	$ 196	$ 50	$ 3,372

CITY OF CAMBRIDGE, MASSACHUSETTS

DESCRIPTION OF TRUST FUNDS

School Trust Funds

Henry Wise Book Prize Trust Fund

This fund was established during 1991 by the Cambridge Police Association in memory of Henry Wise, who served as legal counsel to the Association for many years. This fund provides annual book prizes to graduating seniors from Cambridge Rindge and Latin High School who demonstrate exemplary community or school service. In fiscal 1998, an additional $750 was received for the benefit of the Trust. Two prizes were awarded during FY98. As of June 30, 1998, the expendable balance was $305.

FY 1998 Opening Balance	FY 1998 Income	FY 1998 Expenditures	FY 1998 Closing Balance
$ 1,538	$ 866	$ 99	$ 2,305

CITY OF CAMBRIDGE, MASSACHUSETTS

DESCRIPTION OF TRUST FUNDS

Neville Manor Nursing Home Trust Funds

Anna D. Behlen Fund

Under the terms of Anna D. Behlen's will, accepted by the Council on March 11, 1984, the Neville Manor Nursing Home was the recipient of a gift of $1,800, whose interest is to be used for the enjoyment and recreation of the residents of Neville Manor. No funds were expended in FY98. As of June 30, 1998, the expendable balance was $(577).

FY 1998 Opening Balance	FY 1998 Income	FY 1998 Expenditures	FY 1998 Closing Balance
$ 1,153	$ 71	$ —	$ 1,224

Anna Burke Fund

In 1981, the City Council accepted $2,500 as a partial distribution of the estate of Anna Burke. The final distribution amounted to $5,029. The purpose of the fund is to benefit the residents of Neville Manor and act as a memorial to Mrs. Burke's late husband, Frederick H. Burke, a former City Clerk and City employee for over 50 years. No funds were expended in FY98. As of June 30, 1998, the expendable balance was $3,502.

FY 1998 Opening Balance	FY 1998 Income	FY 1998 Expenditures	FY 1998 Closing Balance
$ 8,038	$ 493	$ —	$ 8,531

Reverend Patrick H. Callahan Fund

A gift of $2,000 was willed to the City by Reverend Patrick H. Callahan, Pastor of St. Peter's Church. The interest of the trust is to be spent for a "feast day" on December 18th for the residents of the Neville Manor. No funds were expended in FY98. As of June 30, 1998, the expendable balance was $6,647.

FY 1998 Opening Balance	FY 1998 Income	FY 1998 Expenditures	FY 1998 Closing Balance
$ 8,147	$ 500	$ —	$ 8,647

CITY OF CAMBRIDGE, MASSACHUSETTS

DESCRIPTION OF TRUST FUNDS

Neville Manor Nursing Home Trust Funds

John W. Hodge Fund

Under the terms of the will of John W. Hodge, Neville Manor received the sum of $1,500 to serve as the principal of the John W. Hodge Fund. The income from this fund is to be used to provide a Christmas of "good cheer" for the residents. No funds were expended in FY98. As of June 30, 1998, the expendable balance was $2,240.

FY 1998 Opening Balance	FY 1998 Income	FY 1998 Expenditures	FY 1998 Closing Balance
$ 3,523	$ 216	$ —	$ 3,739

Minnie Perry Fund

Miss Minnie Perry donated the residue of her estate to the City to be used "to promote spiritual and material joys" for the residents of Neville Manor. The principal of this fund is $7,590; the income can be used for Christmas and Easter parties. No funds were expended in FY98. As of June 30, 1998, the expendable balance was $16,006.

FY 1998 Opening Balance	FY 1998 Income	FY 1998 Expenditures	FY 1998 Closing Balance
$ 22,231	$ 1,364	$ —	$ 23,595

Frank F. Rogers, Jr. Fund

At the time of the death of the wife of Frank F. Rogers, $50,000 was divided into 10 equal shares, one of which was distributed to Neville Manor. The trust stipulates that the annual income be expended for entertainment and gifts for the residents of Neville Manor. During FY98, $1,509 was spent by the Residents' Council on a picnic for the residents. As of June 30, 1998, the expendable balance was $4,852.

FY 1998 Opening Balance	FY 1998 Income	FY 1998 Expenditures	FY 1998 Closing Balance
$ 10,751	$ 610	$ 1,509	$ 9,852

CITY OF CAMBRIDGE, MASSACHUSETTS

DESCRIPTION OF TRUST FUNDS

Neville Manor Nursing Home Trust Funds

Sarah E. Russell Fund

As provided in the will of Sarah E. Russell, who died Oct. 6, 1898, the sum of $814.41 was paid to the City, "the income therefrom to be annually expended in or towards providing a Christmas tree or Christmas gifts and entertainment for the residents of the Neville Manor." No funds were expended in FY98. As of June 30, 1998, the expendable balance was $3,457.

FY 1998 Opening Balance	FY 1998 Income	FY 1998 Expenditures	FY 1998 Closing Balance
$ 4,024	$ 247	$ —	$ 4,271

John and Catherine Shine Fund

Elizabeth M. Shine bequeathed the sum of $2,000 to Neville Manor. The income is to be used for a celebration on January 9th, in memory of the wedding day of Miss Shine's parents. No funds were expended in FY98. As of June 30, 1998, the expendable balance was $16,693.

FY 1998 Opening Balance	FY 1998 Income	FY 1998 Expenditures	FY 1998 Closing Balance
$ 17,612	$ 1,081	$ —	$ 18,693

CITY OF CAMBRIDGE, MASSACHUSETTS

DESCRIPTION OF TRUST FUNDS

Library Trust Funds

Bookmobile Trust Fund

This fund represents money remaining from citizen contributions after the purchase of a new bookmobile in fiscal year 1984. The fund is used to develop a special children's book collection and to cover any unbudgeted or unexpected maintenance costs for the bookmobile. No funds were expended in FY98. As of June 30, 1998, the expendable balance was $15.

FY 1998 Opening Balance	FY 1998 Income	FY 1998 Expenditures	FY 1998 Closing Balance
$ 14	$ 1	$ —	$ 15

Eleanor Collins Burke Trust Fund

The Eleanor Collins Burke Trust Fund was established during 1991 by co-workers and friends of Mrs. Burke in recognition of her dedicated service to the City of Cambridge, with $801 as an initial nonexpendable balance. The purpose of this trust fund is to provide funds to purchase materials and books for the Daniel P. Collins Branch Library. This Library is named in honor of Eleanor Burke's father. No funds were expended in FY98. As of June 30, 1998, the expendable balance was $276.

FY 1998 Opening Balance	FY 1998 Income	FY 1998 Expenditures	FY 1998 Closing Balance
$ 1,282	$ 180	$ —	$ 1,462

Cambridge Field Branch Library Fund

In May of 1985, the City Council accepted an anonymous gift of $2,000 to establish the Cambridge Field Branch Library Trust. The trust is to be used to purchase materials to expand the Cambridge Field Branch Library's existing holdings and to make improvements to the library beyond the scope of normal maintenance and replacement. In addition, the trust is to be used to fund special projects that are unique to the neighboring community. During FY98, $2,338 was spent on books, periodicals, and special performances. As of June 30, 1998, the expendable balance was $3,658.

FY 1998 Opening Balance	FY 1998 Income	FY 1998 Expenditures	FY 1998 Closing Balance
$ 3,791	$ 2,205	$ 2,338	$ 3,658

CITY OF CAMBRIDGE, MASSACHUSETTS

DESCRIPTION OF TRUST FUNDS

Library Trust Funds

Cambridge History Fund

The City Council accepted a gift of $10,000 in February 1989 to be used by the Cambridge Public Library. Additional donations have been received since the initial gift. Funds are used to produce a series of publications whose story constitutes the history of Cambridge as well as to expand and preserve the holdings of the Cambridge Memorial Room at the Library. No funds were expended in FY98. As of June 30, 1998, the expendable balance was $1,771.

FY 1998 Opening Balance	FY 1998 Income	FY 1998 Expenditures	FY 1998 Closing Balance
$ 11,334	$ 637	$ —	$ 11,971

Cambridge Public Library Benefit Fund

The City Council authorized the establishment of a Library Benefit Trust Fund by the Trustees of the Cambridge Library in February 1988. The trust is to be used for general library purposes. During FY98, $6,838 was received in donations for the fund. Funds were expended for special activities. As of June 30, 1998, the expendable balance was $5,214.

FY 1998 Opening Balance	FY 1998 Income	FY 1998 Expenditures	FY 1998 Closing Balance
$ 709	$ 7,009	$ 2,504	$ 5,214

Citizen of Cambridge Fund

An anonymous citizen of Cambridge donated $7,400 from 1923 through 1926 to the Cambridge Public Library. Income from these gifts is to be used for books on Americanization, the fine arts, general nature, and binding. During FY98, $1,084 was spent on books. As of June 30, 1998, the expendable balance was $8,732.

FY 1998 Opening Balance	FY 1998 Income	FY 1998 Expenditures	FY 1998 Closing Balance
$ 16,331	$ 885	$ 1,084	$ 16,132

CITY OF CAMBRIDGE, MASSACHUSETTS

DESCRIPTION OF TRUST FUNDS

Library Trust Funds

Citizens Subscription Fund

In 1899, a citizens committee raised $5,675 for books for the newly opened public library. An unexpended balance of $5,000 was placed in trust in a U.S. Treasury Bond, No. 3867, maturing during 1998, with the resulting income to be used for the same purpose. During FY98, $2,513 was expended on books. As of June 30, 1998, the expendable balance was $(1,197).

FY 1998 Opening Balance	FY 1998 Income	FY 1998 Expenditures	FY 1998 Closing Balance
$ 6,676	$ 315	$ 2,513	$ 4,478

Daniel P. Cummings Fund

Daniel P. Cummings bequeathed to the trustees of the Cambridge Public Library in 1899 the sum of $2,000. Income is to be used for the purchase of non-sectarian books for the library. During FY98, $44 was expended for books. As of June 30, 1998, the expendable balance was $2,356.

FY 1998 Opening Balance	FY 1998 Income	FY 1998 Expenditures	FY 1998 Closing Balance
$ 4,167	$ 233	$ 44	$ 4,356

Anthony J. DeVito Trust Fund

Established in his memory in March 1998, this fund is to be used to purchase library materials relating to music. Professor Anthony J. DeVito was Library Director from 1946 through 1948. He began the Library's music program, establishing the Library's Music Room with an inaugural collection of 100 recordings and two phonographs with head-phones. Both principal and income may be expended. During FY98, $84 was expended on books. As of June 30, 1998, the expendable balance was $4,441.

FY 1998 Opening Balance	FY 1998 Income	FY 1998 Expenditures	FY 1998 Closing Balance
$ 3,215	$ 1,310	$ 84	$ 4,441

DESCRIPTION OF TRUST FUNDS

Library Trust Funds

P.H. Dolan Lecture Fund

The Philip H. Dolan Lecture Fund was established in 1997 by Mrs. Ruth Brooks Heath in recognition of Philip Hilary Dolan, Librarian of the Cambridge Public Library from 1949 to 1981, for his devoted work in developing the Library's greater potential to serve its community. The purpose of this fund is to provide funds for an annual lecture on the importance and value of books and libraries. During FY98, $800 was expended on honoraria. As of June 30, 1998, the expendable balance was $584.

FY 1998 Opening Balance	FY 1998 Income	FY 1998 Expenditures	FY 1998 Closing Balance
$ 1,333	$ 51	$ 800	$ 584

Isaac Fay Fund

In accordance with the provisions of the will of Isaac Fay, who died December 29, 1872, the sum of $1,000 was paid to the trustees of the Cambridge Public Library to be invested and used for the purchase of books. No funds were expended in FY98. As of June 30, 1998, the expendable balance was $(382).

FY 1998 Opening Balance	FY 1998 Income	FY 1998 Expenditures	FY 1998 Closing Balance
$ 585	$ 33	$ —	$ 618

Friends of the Cambridge Public Library Fund

Established during fiscal 1998, with a transfer of $10,000 from the Cambridge Public Library Benefit Fund, the Fund will be used to support the fundraising and membership activities of the "Friends". Both principal and interest may be expended. During FY98, $13,725 was expended for production and distribution of the newsletter plus special events for the Friends. As of June 30, 1998, the expendable balance was $12,472.

FY 1998 Opening Balance	FY 1998 Income	FY 1998 Expenditures	FY 1998 Closing Balance
$ 3,074	$ 23,123	$ 13,725	$ 12,472

CITY OF CAMBRIDGE, MASSACHUSETTS

DESCRIPTION OF TRUST FUNDS

Library Trust Funds

Harry Futterman Fund

Since 1978, the Cambridge Public Library has been the recipient of a grant from the Harry Futterman Fund. This fund was established to assist existing libraries to lend classical music records to the public. Annually, the Cambridge Public Library submits an application to the Harry Futterman Fund to qualify for the grant, with any proceeds to be used for the purchase of classical records. No funds were received or expended in FY98. As of June 30, 1998, the expendable balance was $13.

FY 1998 Opening Balance	FY 1998 Income	FY 1998 Expenditures	FY 1998 Closing Balance
$ 12	$ 1	$ —	$ 13

William Penn Harding Fund

At the time of his death, William Penn Harding donated $1,000 to the Trustees of the Cambridge Public Library for the purchase of science, art, and travel books which are to be stamped "William Penn Harding Library Fund." No books were purchased in FY98. As of June 30, 1998, the expendable balance was $1,444.

FY 1998 Opening Balance	FY 1998 Income	FY 1998 Expenditures	FY 1998 Closing Balance
$ 2,314	$ 130	$ —	$ 2,444

Abigail Howe Fund

In her will dated 1917, Abigail Howe bequeathed to the Board of Trustees of the Cambridge Public Library an unrestricted gift of $3,000. During FY98, forty books were purchased using the fund. As of June 30, 1998, the expendable balance was $2,086.

FY 1998 Opening Balance	FY 1998 Income	FY 1998 Expenditures	FY 1998 Closing Balance
$ 5,725	$ 294	$ 933	$ 5,086

CITY OF CAMBRIDGE, MASSACHUSETTS

DESCRIPTION OF TRUST FUNDS

Library Trust Funds

Gertrude E. Kirkley Fund

In January of 1987, the Cambridge Public Library was the recipient of a $1,000 gift from a Cambridge citizen who wished to remain anonymous for the establishment of a trust fund to honor the memory of Gertrude E. Kirkley. The gift provides that the interest earned will be used for the purchase of books and materials that will benefit all the residents of Cambridge. No funds were expended in FY98. As of June 30, 1998, the expendable balance was $218.

FY 1998 Opening Balance	FY 1998 Income	FY 1998 Expenditures	FY 1998 Closing Balance
$ 1,153	$ 65	$ —	$ 1,218

Jeanne Kantor Landon Fund

In August of 1983, the City Council accepted a gift of $500 to establish a Jeanne Kantor Landon Trust Fund, to be used by the Cambridge Public Library to purchase books about art and artists anywhere in the world, and from any historical period, as well as for books concerning serious and light opera. Books purchased from the trust will carry a label bookplate indicating that the source of the gift is in honor of Jeanne Kantor Landon from her family and friends. The principal amount may be used by the Library for book purchases as necessary and interest income earned from the principal is unrestricted. During FY98, 14 books were purchased using the fund. As of June 30, 1998, the expendable balance was $641.

FY 1998 Opening Balance	FY 1998 Income	FY 1998 Expenditures	FY 1998 Closing Balance
$ 871	$ 34	$ 264	$ 641

Maria Murdock Fund

In 1922, Maria Murdock left to the Cambridge Public Library an unrestricted gift of $2,000. During FY98, thirty-one books were purchased using the fund. As of June 30, 1998, the expendable balance was $170.

FY 1998 Opening Balance	FY 1998 Income	FY 1998 Expenditures	FY 1998 Closing Balance
$ 2,501	$ 132	$ 463	$ 2,170

CITY OF CAMBRIDGE, MASSACHUSETTS

DESCRIPTION OF TRUST FUNDS

Library Trust Funds

George Oenslager Fund

This trust fund, established in 1997, is used for the purchase and lending of standard and miscellaneous books to the patrons of the Cambridge Public Library. Expenditures shall be made from the principal and interest earned or retained. No funds were expended in FY98. As of June 30, 1998, the expendable balance was $5,296.

FY 1998 Opening Balance	FY 1998 Income	FY 1998 Expenditures	FY 1998 Closing Balance
$ 5,015	$ 281	$ —	$ 5,296

Dorothea J. Petery Memorial Fund

The Dorothea J. Petery Memorial Fund was established in 1991 by relatives and friends of Dorothea J. Petery. The purpose of the trust is to provide funds for the purchase of children's materials and services benefiting all the children in the Cambridge community. During FY98, $8,100 was donated to the Fund and approximately $14,700 was expended for books, supplies, special activities and events, including the summer reading program. As of June 30, 1998, the expendable balance was $1,034.

FY 1998 Opening Balance	FY 1998 Income	FY 1998 Expenditures	FY 1998 Closing Balance
$ 7,409	$ 8,343	$ 14,718	$ 1,034

Rotary Trust Fund

In November 1997, the Rotary Club of Cambridge, donated approximately $60,000 for the construction and programs, materials, furniture, and equipment for the Technology Learning Center and the Cambridge Square Branch Library. No funds were expended during FY98. As of June 30, 1998, the expendable balance was $75,386.

FY 1998 Opening Balance	FY 1998 Income	FY 1998 Expenditures	FY 1998 Closing Balance
$ —	$ 75,386	$ —	$ 75,386

Mildred A. O'Neill Fund

This fund was established in FY98 with a donation of $992. During FY98, 135 books were purchased from the fund. As of June 30, 1998, the expendable balance was $(81).

FY 1998 Opening Balance	FY 1998 Income	FY 1998 Expenditures	FY 1998 Closing Balance
$ —	$ 992	$ 1,073	$ (81)

CITY OF CAMBRIDGE, MASSACHUSETTS

DESCRIPTION OF TRUST FUNDS

Library Trust Funds

Joseph Sakey Trust

Established by the trustees and staff of the Cambridge Public Library, and the friends and family of Joseph Sakey, this fund is used for the purchase of books and materials relating to social sciences and biography. During FY98, approximately 16 books were purchased for the Library. As of June 30, 1998, the expendable balance was $3,193.

FY 1998 Opening Balance	FY 1998 Income	FY 1998 Expenditures	FY 1998 Closing Balance
$ 3,362	$ 178	$ 347	$ 3,193

Carrie Saunders Fund

A sum of $1,500 was placed in trust by the family of Carrie Saunders with the resulting interest to be used for the purchase of books on art. During FY98, 35 books were purchased for the Library. As of June 30, 1998, the expendable balance was $4,412.

FY 1998 Opening Balance	FY 1998 Income	FY 1998 Expenditures	FY 1998 Closing Balance
$ 6,486	$ 337	$ 911	$ 5,912

William E. Saunders Fund

In accordance with the will of Abigail L. Prentiss, the residue of her estate, $7,350, was placed in trust for the Cambridge Public Library. Principal as well as interest is used to purchase books and maintain the William E. Saunders alcove. During FY98, the Library microfilmed back issues of the *Cambridge Chronicle* from 1846 to 1992. As of June 30, 1998, the expendable balance was $7,949.

FY 1998 Opening Balance	FY 1998 Income	FY 1998 Expenditures	FY 1998 Closing Balance
$ 17,243	$ 874	$ 3,168	$ 14,949

CITY OF CAMBRIDGE, MASSACHUSETTS

DESCRIPTION OF TRUST FUNDS

Library Trust Funds

Webster H. Thierry Library Fund

In 1976, Adelaide R. Thierry donated the sum of $1,000 to the City of Cambridge to establish the "Webster H. Thierry Shelf." Of the income earned, 20% is to be added to the principal, and the balance is to be used to provide low cost book plates and to purchase books. No funds were expended in FY98. As of June 30, 1998, the expendable balance was $6,994.

FY 1998 Opening Balance	FY 1998 Income	FY 1998 Expenditures	FY 1998 Closing Balance
$ 7,727	$ 435	$ —	$ 8,162

Edward H. Whorf Fund

Under the terms of his will, Edward R. Whorf gave $1,000 for the benefit of the Library. In addition, Edward J. Whorf donated $3,000 to be invested or expended for the benefit of the library with the requirement that the library catalogue his works concerning Mexico and Latin America and expand the catalogue periodically. During FY98, $804 was expended for books for the Library. As of June 30, 1998, the expendable balance was $13,412.

FY 1998 Opening Balance	FY 1998 Income	FY 1998 Expenditures	FY 1998 Closing Balance
$ 17,267	$ 949	$ 804	$ 17,412

Mehitable C.C. Wilson Fund

According to the terms of Mehitable C.C. Wilson's will, the Cambridge Public Library received $1,500. This sum was a gift to be used by the Trustees for the benefit of the Library. No funds were expended in FY98. As of June 30, 1998, the expendable balance was $327.

FY 1998 Opening Balance	FY 1998 Income	FY 1998 Expenditures	FY 1998 Closing Balance
$ 1,730	$ 97	$ —	$ 1,827

CITY OF CAMBRIDGE, MASSACHUSETTS

DESCRIPTION OF TRUST FUNDS

Library Trust Funds

James A. Woolson Fund

At the time of his death in 1905, James A. Woolson donated 50 shares of F. Brigham and Gregory stock to the Cambridge Public Library. This stock was eventually converted to $5,000 cash which was used to purchase an American Telephone and Telegraph Bond, due 2001, No. R-29-872. This trust is to be used for the purchase of books that are designated by an appropriate plate or card. No books were purchased during FY98. As of June 30, 1998, the expendable balance was $8,539.

FY 1998 Opening Balance	FY 1998 Income	FY 1998 Expenditures	FY 1998 Closing Balance
$ 12,774	$ 765	$ —	$ 13,539

CITY OF CAMBRIDGE, MASSACHUSETTS

DESCRIPTION OF TRUST FUNDS

Other Trust Funds

Bridge Charitable Fund

The Bridge Charitable Fund was founded by Levi Bridge in 1875. In 1877, Samuel Bridge, a relative of the founder, donated a sum sufficient to double Levi Bridge's original gift. The Mayor, City Manager, and Finance Director are trustees and may allow distribution of the funds to referral clients of reputable social services agencies such as the Department of Public Welfare. Only 67% of income may be spent. The remaining 33% must revert to principal fund balance. During FY98, $231 was expended for these purposes. As of June 30, 1998, the expendable balance was $8,863.

FY 1998 Opening Balance	FY 1998 Income	FY 1998 Expenditures	FY 1998 Closing Balance
$ 13,120	$ 805	$ 231	$ 13,694

Charles Bullock Fund

In his will dated November 16, 1932, Charles Bullock directed the trustees of his estate, at the time of his wife's death, to turn over the residue of his wife's inheritance to the City of Cambridge to provide school children with proper instruction in dental hygiene. In addition to the funds managed by the City, the Bullock Fund also receives income from a separate trust managed by the Fleet Bank, N.A. As of May 31, 1998, the trust had a book value of $147,622 and a market value of $204,858. The trust was responsible for $3,053 of the income earned by the Fund. During FY98, $68,313 was spent for a Children's Oral Health Program conducted by the Cambridge Public Health Department. As of June 30, 1998, the expendable balance was $219,630.

FY 1998 Opening Balance	FY 1998 Income	FY 1998 Expenditures	FY 1998 Closing Balance
$ 298,718	$ 19,225	$ 68,313	$ 249,630

Community Response Trust Fund

The Community Response Trust Fund was established by the City Manager in 1997 at the request of the City Council, and funded with $300,000 from City general fund monies. The purpose of the Fund was to make monies available to human service agencies and grassroots organizations wishing to conduct human service or community service projects. The Department of Human Services is administering the funds and conducting on-site monitoring visits to each of the recipients. During FY98, $4,199 was expended from the fund on three programs. As of June 30, 1998, the expendable balance was $7,330.

FY 1998 Opening Balance	FY 1998 Income	FY 1998 Expenditures	FY 1998 Closing Balance
$ 10,955	$ 574	$ 4,199	$ 7,330

CITY OF CAMBRIDGE, MASSACHUSETTS

DESCRIPTION OF TRUST FUNDS

Other Trust Funds

Mary Conlan Trust Fund

The Trust was established to provide for the beautification and maintenance of the Mary Conlan Park, located in Cambridge. This park was named for Mary Conlan, a long-time civic leader and life-long resident of Cambridge who died in 1991. No funds were expended in FY98. As of June 30, 1998, the expendable balance was $6,826.

FY 1998 Opening Balance	FY 1998 Income	FY 1998 Expenditures	FY 1998 Closing Balance
$ 6,432	$ 394	$ —	$ 6,826

Mayor's Disaster Relief Fund

During FY98, Mayor Sheila Doyle Russell established the Mayor's Disaster Relief Fund "to provide emergency temporary relief to individuals or families in the event of disaster." The Fund received over $13,000 in donations during the year. Three families were assisted with temporary housing during FY98. As of June 30, 1998, the expendable balance was $10,619.

FY 1998 Opening Balance	FY 1998 Income	FY 1998 Expenditures	FY 1998 Closing Balance
$ —	$ 13,469	$ 2,850	$ 10,619

Facade Preservation Fund

On June 13, 1983, the Cambridge City Council authorized the establishment of an expendable trust for a donation received by the Cambridge Historical Commission from the owner of 1420-1440 Massachusetts Avenue. This expendable trust was established for the deposit of this donation and other similar donations to be received by the Historical Commission. The Historical Commission may use the principal and accrued interest for the administration of its preservation programs within the City of Cambridge from time to time. No expenditures were made in FY98. As of June 30, 1998, the expendable balance was $39,493.

FY 1998 Opening Balance	FY 1998 Income	FY 1998 Expenditures	FY 1998 Closing Balance
$ 37,209	$ 2,284	$ —	$ 39,493

CITY OF CAMBRIDGE, MASSACHUSETTS

DESCRIPTION OF TRUST FUNDS

Other Trust Funds

Helen K. Holland Animal Care Trust Fund

This fund was established in FY98 "for medical treatment" for animals under the care of the Cambridge Animal Commission. During FY98, $5,555 was received in donations and no expenditures were made. As of June 30, 1998, the expendable balance was $5,732.

FY 1998 Opening Balance	FY 1998 Income	FY 1998 Expenditures	FY 1998 Closing Balance
$ —	$ 5,732	$ —	$ 5,732

Smith Hughes Fund

The Smith Hughes Fund consists of the unexpended balance of a gift the City received some years ago. No expenditures were made from this Fund in FY98. As of June 30, 1998, the expendable balance was $156.

FY 1998 Opening Balance	FY 1998 Income	FY 1998 Expenditures	FY 1998 Closing Balance
$ 147	$ 9	$ —	$ 156

John Kinnear Fund

In 1873, John Kinnear bequeathed $10,000 to be held in trust to memorialize Company C, Third Regiment, the first unit to respond to President Lincoln's call for volunteers to duty in the War Between the States. During FY98, $2,000 was expended for a Community Music Outreach Program by the Folk Arts Network. As of June 30, 1998, the expendable balance was $4,888.

FY 1998 Opening Balance	FY 1998 Income	FY 1998 Expenditures	FY 1998 Closing Balance
$ 15,969	$ 919	$ 2,000	$ 14,888

Cambridge Special Law Enforcement Trust Funds

These trust funds were established pursuant to Massachusetts General Laws, Chapter 94, Section 47. The purpose of the trusts is to expend funds to defray the costs of protracted investigations, to provide additional technical equipment or expertise to the Cambridge Police Department, to provide matching funds to obtain federal grants or for other such law enforcement purposes as the Chief of Police of the City of Cambridge deems appropriate. During FY98, the Funds received $28,452 in fines and forfeitures. The Funds expended $5,000 connected with investigations. As of June 30, 1998, the expendable balances were $159,412.

FY 1998 Opening Balance	FY 1998 Income	FY 1998 Expenditures	FY 1998 Closing Balance
$ 127,412	$ 37,000	$ 5,000	$ 159,412

CITY OF CAMBRIDGE, MASSACHUSETTS

DESCRIPTION OF TRUST FUNDS

Other Trust Funds

Bridget McGuire Fund

In 1984, Bridget McGuire bequeathed to the Cambridge Hospital the sum of $2,000 in memory of her late sister, Margaret Mahoney, to be used for the care of needy patients. No expenditures for the care of needy patients were made from this fund during FY98. As of June 30, 1998, the expendable balance was $10,253.

FY 1998 Opening Balance	FY 1998 Income	FY 1998 Expenditures	FY 1998 Closing Balance
$ 9,660	$ 593	$ —	$ 10,253

Melville Shoe Fund

In 1969, the Melville Shoe Company set up a fund to support a program for training retarded young adults. No expenditures were made for the training of retarded young adults from this Fund in FY98. As of June 30, 1998, the expendable balance was $1,476.

FY 1998 Opening Balance	FY 1998 Income	FY 1998 Expenditures	FY 1998 Closing Balance
$ 1,390	$ 86	$ —	$ 1,476

Estelle Paris Scholarship Trust Fund

The Estelle Paris Scholarship Trust Fund was established following the Hospital's receipt of the Foster G. McGaw Prize for Excellence in Community Service. The purpose of the Trust Fund is to provide scholarship aid to residents of the City of Cambridge. Awards are based on the following criteria: financial need, character, scholastic record, and community involvement. Any Cambridge resident intending to pursue education in health careers is eligible to apply. Both principal and interest may be expended. No scholarships were awarded in FY98. As of June 30, 1998, the expendable balance was $73,283.

FY 1998 Opening Balance	FY 1998 Income	FY 1998 Expenditures	FY 1998 Closing Balance
$ 67,585	$ 5,698	$ —	$ 73,283

CITY OF CAMBRIDGE, MASSACHUSETTS

DESCRIPTION OF TRUST FUNDS

Other Trust Funds

Cambridge Plant & Garden Club Tree Fund

In the spring of 1983, the City accepted a gift of $300 to establish the Tree Fund. This fund has been used to augment the City's program of tree planting and other various conservation activities. The fund receives occasional donations from the Cambridge Plant and Garden Club. There are no restrictions on the amount that can be spent, only that it should be used for conservation and horticultural activities. During FY98, the entire balance of the fund was transferred to the Cambridge Plant and Garden Club and the fund was closed. As of June 30, 1998, the expendable balance was $0.

FY 1998 Opening Balance	FY 1998 Income	FY 1998 Transfer Out	FY 1998 Closing Balance
$ 10,126	$ 123	$ 10,249	$ —

Public Planting Trust Fund

The purpose of this trust fund is to promote the beautification of public open spaces in the City of Cambridge through planting of trees. No expenditures were made from this Fund in FY98. As of June 30, 1998, the expendable balance was $1,411.

FY 1998 Opening Balance	FY 1998 Income	FY 1998 Expenditures	FY 1998 Closing Balance
$ 1,330	$ 82	$ —	$ 1,411

Mary "Molly" Ramsey Fund

In October of 1983, the City accepted a gift of $5,000 from the estate of Mary "Molly" Ramsey. The income from this fund is used annually to sponsor a competition for junior golfers and a Member-Guest Tournament at the Fresh Pond Golf Course. In the event that the before-mentioned purpose of the fund cannot be served, then it is required that the income of and any or all of the principal be used for other purposes, but only with the unanimous decision of the Chief Executive Officer, Recreation Director, Treasurer of the City of Cambridge and golf professionals at the Fresh Pond Golf Course. During FY98, $525 was expended for the Golf Tournament. As of June 30, 1998, the expendable balance was $11,491.

FY 1998 Opening Balance	FY 1998 Income	FY 1998 Expenditures	FY 1998 Closing Balance
$ 16,048	$ 968	$ 525	$ 16,491

CITY OF CAMBRIDGE, MASSACHUSETTS

DESCRIPTION OF TRUST FUNDS

Other Trust Funds

Sheehan War Memorial Fund

This fund was begun by the students of Cambridge Rindge and Latin High School to install a plaque in the War Memorial in honor of the war dead. However, the City dedicated a plaque before the Cambridge Rindge and Latin High School fund reached its goal. The City is contemplating alternative uses of the trust which will adhere to the intent of the trust. No expenditures were made from this Fund during FY98. As of June 30, 1998, the expendable balance was $11,470.

FY 1998 Opening Balance	FY 1998 Income	FY 1998 Expenditures	FY 1998 Closing Balance
$ 10,807	$ 663	$ —	$ 11,470

Soldiers Monument Fund

This trust consists of the remainder of the funds used to erect the Soldiers Monument on the Old Burying Grounds/Cambridge Common. The City is planning to use the funds from this trust for the refurbishing of the Monument, when necessary. No expenditures were made from this fund during FY98. As of June 30, 1998, the expendable balance was $1,501.

FY 1998 Opening Balance	FY 1998 Income	FY 1998 Expenditures	FY 1998 Closing Balance
$ 1,415	$ 86	$ —	$ 1,501

Daniel C. White /J. Warren Merrill Charity Fund

On May 16, 1863, Mr. Daniel C. White made a gift to the Mayor of the City of Cambridge, George C. Richardson, of $5,000 to be held in trust: "to hold and invest the same safely and apply the income thereof from time to time according to the discretion of the trustees to the purchasing and distribution of fuel among worthy and deserving poor of my native city of Cambridge." On February 13, 1890, the trustees recorded the receipt of a legacy under Article 33 of the will of J. Warren Merrill of $5,000 and also 30 shares of Union Hall Association "the income only to be expended in the purchase of fuel and food for native born American persons who have seen better days and are in reduced circumstances from sickness and misfortune." The stock sold for $360. In January of 1979, the City Council combined the trusts. Under the new terms of the fund, the City administers the trust for the "deservingly poor of Cambridge who are not recipients of public welfare." No expenditures were made from this fund during FY98. As of June 30, 1998, the expendable balance was $22,420.

FY 1998 Opening Balance	FY 1998 Income	FY 1998 Expenditures	FY 1998 Closing Balance
$ 31,389	$ 1,925	$ —	$ 33,314

CITY OF CAMBRIDGE, MASSACHUSETTS

DESCRIPTION OF TRUST FUNDS

Other Major Trust Funds

Cemetery Perpetual Care Fund

Since 1980 the City has encouraged each lot purchaser to contribute $100 per grave to help defray future maintenance costs. All contributions for perpetual care are placed in trust with the City Treasurer, with interest earnings used for the care and beautification of the cemetery. During FY98, $23,475 was received in contributions, which were added to the fund. The Fund transferred $45,000 to the City to offset the cost of cemetery maintenance and transferred $50,000 to the City for capital improvements. As of June 30, 1998, the expendable balance was $227,229.

FY 1998 Opening Balance	FY 1998 Income	FY 1998 Expenditures and Transfers Out	FY 1998 Closing Balance
$ 1,545,978	$ 137,264	$ 95,000	$ 1,588,242

Health Claims Trust Fund

This fund was established by the City during fiscal year 1985 to act as a contingency against possible deficits in health insurance allotments due to higher than anticipated claims in a given year. Employee deductions for healthcare coverage are deposited into this fund. Interest earned by the fund is recorded as income to this trust. During FY98, the Trust received $1,787,193 in employee deductions and transferred $2,078,777 to the City to help cover City employee health costs. As of June 30, 1998, the expendable balance was $11,757,815.

FY 1998 Opening Balance	FY 1998 Income	FY 1998 Expenditures and Transfers Out	FY 1998 Closing Balance
$ 11,267,079	$ 2,594,517	$ 2,103,781	$ 11,757,815

City Stabilization Fund

This fund is a statutory reserve account which may only be used for purposes for which debt would ordinarily be used. No expenditures were made from this Fund during FY98. As of June 30, 1998, the expendable balance was $5,924,883.

FY 1998 Opening Balance	FY 1998 Income	FY 1998 Expenditures	FY 1998 Closing Balance
$ 5,579,797	$ 345,086	$ —	$ 5,924,883

CITY OF CAMBRIDGE, MASSACHUSETTS

DESCRIPTION OF TRUST FUNDS

Other Major Trust Funds

School Debt Service Stabilization Fund

This fund is a statutory reserve account which may only be used for the purpose of offsetting future school debt service. During FY98, transfers were made to and from this fund for the payment of School related debt. As of June 30, 1998, the expendable balance was $108,100.

FY 1998 Opening Balance	FY 1998 Income and Transfers In	FY 1998 Expenditures and Transfers Out	FY 1998 Closing Balance
$ 543,573	$ 108,097	$ 543,570	$ 108,100

School Stabilization Fund

This fund is a statutory reserve account which may only be used for the purpose of offsetting future costs related to the school early retirement program. During FY98, the City appropriated $187,707 for future retirement costs. No expenditures were made in FY98. As of June 30, 1998, the expendable balance was $1,276,137.

FY 1998 Opening Balance	FY 1998 Income and Transfers In	FY 1998 Expenditures and Transfers Out	FY 1998 Closing Balance
$ 971,198	$ 304,939	$ —	$ 1,276,137

Housing Trust Fund

In fiscal year 1988, the City established an Affordable Housing Trust to facilitate the development and/or rehabilitation of affordable housing units. Developers who obtain a special permit authorizing an increase in the density of population in a proposed development are required either to create housing or to contribute an amount based on square footage to the Affordable Housing Trust. During FY98, the City appropriated $4,500,000 to the fund for further affordable housing development. The City advanced $4,065,408 to various non-profit developers and received loan repayments of $458,430. Administrative costs totaled $229,410 for the year. Of the $6,481,178 ending balance, $1,988,032 represent outstanding loans for which repayment is anticipated. The Fund had approximately $4,495,000 for future housing development assistance. As of June 30, 1998, the expendable balance was $6,481,178.

FY 1998 Opening Balance	FY 1998 Income and Transfers In	FY 1998 Expenditures	FY 1998 Closing Balance
$ 4,329,068	$ 5,473,202	$ 3,321,092	$ 6,481,178

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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, 1998.

CITY OF CAMBRIDGE, MASSACHUSETTS

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

June 30, 1998

	Uncollected June 30, 1997	Commitments	Abatements	Transfers to Tax Title	Refunds	Collections	Adjustments Increase (decrease)	Uncollected June 30, 1998
Real estate taxes:								
1979 and prior $	162,606	—	3,929	—	—	—	5,014	163,691
1980	34,296	—	—	—	—	—	(3,061)	31,235
1981	38,136	—	346	—	—	122	(17,587)	20,081
1982	38,007	—	310	—	—	—	(20,626)	17,071
1983	52,857	—	—	—	—	441	(849)	51,567
1984	31,367	—	686	—	—	—	(629)	30,052
1985	35,703	—	—	—	—	—	(1,501)	34,202
1986	9,019	—	—	—	346	—	(1,462)	7,903
1987	3,909	—	—	—	6,369	—	(6,389)	3,889
1988	855	—	—	—	609	—	(1,069)	395
1989	4,375	—	—	—	—	—	(54)	4,321
1990	152	—	6,829	—	3,744	—	2,573	(360)
1991	118,075	—	5,685	—	3,207	3,632	530	112,495
1992	20,505	—	270,262	—	193,162	—	77,099	20,504
1993	4,137	—	128,499	—	103,823	—	24,676	4,137
1994	379	—	121,327	—	118,353	—	2,184	(411)
1995	3,358	—	156,815	—	163,622	3,214	(3,138)	3,813
1996	7,870	—	186,458	—	247,070	5,530	(61,001)	1,951
1997	2,465,961	—	197,208	2,017,287	450,986	717,803	(136,006)	(151,357)
1998	—	145,363,718	815,334	—	443,000	142,736,161	484,002	2,739,225
Total RE	3,031,567	145,363,718	1,893,688	2,017,287	1,734,291	143,466,903	342,706	3,094,404
Personal property taxes:								
1988	170,532	—	5,479	—	—	6,928	(15)	158,110
1989	140,673	—	5,425	—	—	7,569	(2)	127,677
1990	151,272	—	5,429	—	—	4,502	(594)	140,747
1991	133,524	—	5,932	—	—	6,951	(417)	120,224
1992	154,417	—	10,744	—	—	6,125	24	137,572
1993	183,127	—	11,632	—	—	27,889	51	143,657
1994	64,281	—	7,546	—	—	9,556	(284)	46,895
1995	103,818	—	22,313	—	267	12,914	(357)	68,501
1996	79,749	—	8,061	—	351	11,062	(349)	60,628
1997	166,711	—	29,651	—	50,320	125,373	(14,061)	47,946
1998	—	8,968,748	132,646	—	—	8,607,012	98,130	327,220
Total PP	1,348,104	8,968,748	244,858	—	50,938	8,825,881	82,126	1,379,177
Property taxes	4,379,671	154,332,466	2,138,546	2,017,287	1,785,229	152,292,784	424,832	4,473,581
Motor vehicle excise taxes:								
1986	3,116	—	—	—	—	17	10	3,106
1987	161,092	—	47	—	39	3,203	42	157,923
1988	177,879	—	159	—	117	5,547	—	172,290
1989	211,363	—	279	—	122	5,692	—	205,514
1990	165,652	—	58	—	82	5,830	—	159,846
1991	171,917	—	203	—	142	6,863	—	164,993
1992	129,530	—	110	—	60	6,083	—	123,397
1993	120,572	—	301	—	118	10,283	—	110,106
1994	133,700	—	646	—	134	11,121	—	122,067
1995	160,277	—	1,721	—	1,931	23,000	194	137,681
1996	237,136	—	11,080	—	5,845	83,590	24,337	172,648
1997	569,111	696,733	89,809	—	92,350	1,048,463	1,310	221,232
1998	—	4,214,865	77,347	—	20,278	3,638,672	233	519,357
Total MVE $	2,241,345	4,911,598	181,760	—	121,218	4,848,364	26,126	2,270,163

CITY OF CAMBRIDGE, MASSACHUSETTS

Schedule of Bonds Payable

June 30, 1998

	Interest Rates	Issue Dates	Final Maturity Date	Balance June 30, 1997	Additions	Retired	Balance June 30, 1998
Inside Debt Limit:							
Building renovations	5.9-6.4%	6/15/88	6/15/98	$ 300,000	—	300,000	—
Streets and sidewalks	5.9-6.4%	6/15/88	6/15/98	100,000	—	100,000	—
Building renovations	6.4-6.5%	6/15/89	6/15/99	370,000	—	185,000	185,000
Hospital loan (boiler renovation)	6.4-6.5%	6/15/89	6/15/99	1,000,000	—	500,000	500,000
Open space improvements	6.4-6.5%	6/15/89	6/15/99	330,000	—	165,000	165,000
Streets and sidewalks	6.4-6.5%	6/15/89	6/15/99	500,000	—	250,000	250,000
Building renovations	6.4-6.6%	6/15/90	6/15/00	315,000	—	105,000	210,000
Hospital	6.4-6.6%	6/15/90	6/15/00	1,905,000	—	635,000	1,270,000
Hospital loan (boiler renovation)	6.4-6.6%	6/15/90	6/15/00	600,000	—	200,000	400,000
Open space improvements	6.4-6.6%	6/15/90	6/15/00	780,000	—	260,000	520,000
Building renovation	5.8-6.0%	6/15/91	6/15/01	145,000	—	40,000	105,000
Fire station renovations	5.8-6.0%	6/15/91	6/15/01	400,000	—	100,000	300,000
Open space renovations	5.8-6.0%	6/15/91	6/15/01	680,000	—	170,000	510,000
Building acquisition - teen center	4.3-5.3%	6/15/92	6/15/02	955,000	—	195,000	760,000
Fire station renovations	4.3-5.3%	6/15/92	6/15/02	250,000	—	50,000	200,000
Nursing home renovations	4.3-5.3%	6/15/92	6/15/02	750,000	—	150,000	600,000
Open space improvements	4.3-5.3%	6/15/92	6/15/02	900,000	—	180,000	720,000
Sewer separation project loan	2.35-5.5%	5/21/93	8/1/08	4,557,912	—	616,863	3,941,049
Sewer loan	3.75-4.3%	2/1/94	2/1/04	350,000	—	50,000	300,000
Open space improvements	3.75-4.3%	2/1/94	2/1/04	1,225,000	—	175,000	1,050,000
Sewer bond		2/17/94	2/15/99	390,870	—	195,435	195,435
Open space improvement	5.5%-5.9%	11/1/94	11/1/99	3,520,000	—	440,000	3,080,000
Sewer loan	5.5%-5.9%	11/1/94	11/1/99	400,000	—	50,000	350,000
Sewer loan		4/29/97	2/1/07	4,618,658	—	420,708	4,197,950
Sewer separation project loan	4.0%-5.25%	5/1/96	2/1/05	5,507,555	—	580,878	4,926,677
Emergency communications	4.75-5.75%	6/15/96	6/15/06	2,970,000	—	330,000	2,640,000
Elementary school construction	4.75-5.75%	6/15/96	6/15/06	2,115,000	—	225,000	1,890,000
Sewer construction	4.75-5.75%	6/15/96	6/15/06	475,000	—	25,000	450,000
City Hall/senior center renovations	4.75-5.75%	6/15/96	6/15/06	405,000	—	45,000	360,000
Fiber Optic Network Infrastructure	4.75-5.75%	6/15/96	6/15/06	800,000	—	200,000	600,000
Acquisition of personal computers	4.75-5.75%	6/15/96	6/15/06	540,000	—	60,000	480,000
Frisoli Youth Center	4.0-5.0%	6/15/97	6/15/07	3,600,000	—	360,000	3,240,000
Area 4 Youth Center renovations	4.0-5.0%	6/15/97	6/15/07	200,000	—	20,000	180,000
Building renovations	4.0-5.0%	6/15/97	6/15/07	500,000	—	50,000	450,000
Fiber Optic Network	4.0-5.0%	6/15/97	6/15/07	1,000,000	—	100,000	900,000
Central Square enhancements	4.0-5.0%	6/15/97	6/15/07	3,585,000	—	360,000	3,225,000
Sewer construction	4.0-5.0%	6/15/97	6/15/07	500,000	—	50,000	450,000
Hospital (Ambulatory Care Center)	4.5%	2/1/98	2/1/08	—	30,000,000	—	30,000,000
Personal computer acquisition	4.0-5.0%	6/15/97	6/15/02	520,000	—	105,000	415,000
Total Inside Debt Limit				48,059,995	30,000,000	8,043,884	70,016,111

CITY OF CAMBRIDGE, MASSACHUSETTS

Schedule of Bonds Payable (continued)

June 30, 1998

	Interest Rates	Issue Dates	Final Maturity Date		Balance June 30, 1997	Additions	Retired	Balance June 30, 1998
Outside Debt Limit:								
School:								
High School Loan	5.7%	6/15/78	6/15/98		1,155,000	—	1,155,000	—
Elementary school construction	3.75-4.3%	2/1/94	2/1/04		6,808,000	—	765,000	6,043,000
Elementary school construction	5.5%-5.9%	11/1/94	11/1/99		9,906,000	—	1,097,000	8,809,000
Elementary school construction	4.5%	2/1/98	2/1/08		—	12,000,000	—	12,000,000
					17,869,000	12,000,000	3,017,000	26,852,000
Water Projects:								
Reservoir Cover	6.4-6.5%	6/15/89	6/15/99		200,000	—	100,000	100,000
Reservoir Cover	6.4-6.5%	6/15/90	6/15/00		2,400,000	—	800,000	1,600,000
Reservoir Cover	5.8-6.0%	6/15/91	6/15/01		1,695,000	—	420,000	1,275,000
Reservoir Cover	3.75-3.8%	2/1/94	2/1/99		577,000	—	290,000	287,000
Treatment plant renovations	3.75-4.3%	2/1/94	2/1/04		385,000	—	55,000	330,000
Treatment plant renovations	5.5-5.9%	11/1/94	11/1/99		1,374,000	—	261,000	1,113,000
Water main replacements	5.5-5.9%	11/1/94	11/1/99		800,000	—	152,000	648,000
Treatment plant renovations	4.75-5.75%	6/15/96	6/15/06		2,880,000	—	720,000	2,160,000
Water main replacements	4.75-5.75%	6/15/96	6/16/06		1,900,000	—	100,000	1,800,000
					12,211,000	—	2,898,000	9,313,000
Section 108 notes payable					995,000	—	5,000	990,000
Notes payable	6.85%		6/15/02		—	3,343,453	—	3,343,453
					995,000	3,343,453	5,000	4,333,453
Total Outside Debt Limit					31,075,000	15,343,453	5,920,000	40,498,453
				$	79,134,995	45,343,453	13,963,884	110,514,564

CITY OF CAMBRIDGE, MASSACHUSETTS

Schedule of General Fixed Assets - by Function and Activity

As of June 30, 1998

Function and Activity	Total	Land	Buildings	Improvements Other Than Buildings	Equipment
General Government:					
Control:					
Legislative	$ 214,948	—	—	—	214,948
Executive	135,014	—	—	—	135,014
Total Control	349,962	—	—	—	349,962
Staff Agencies:					
Elections	307,034	—	—	—	307,034
Finance	2,031,932	—	—	—	2,031,932
Law	61,219	—	—	—	61,219
Employee Benefits	2,091	—	—	—	2,091
Animal Commission	35,059	—	—	—	35,059
Public Celebrations	129,294	—	—	—	129,294
Total Staff Agencies	2,566,629	—	—	—	2,566,629
Total General Government	2,916,591	—	—	—	2,916,591
Public Safety:					
Building inspection	42,298	—	—	—	42,298
License	84,714	—	—	—	84,714
Weights and measures	10,219	—	—	—	10,219
Emergency management	30,153	—	—	—	30,153
Fire Protection	9,010,998	3,274,675	2,144,424	—	3,591,899
Police Protection	7,250,743	999,803	522,609	—	5,728,331
Traffic and Parking	22,246,179	1,952,080	18,093,415	—	2,200,684
Electrical	456,142	50,000	21,542	—	384,600
Emergency Commission	1,787,939	—	1,211,712	—	576,227
Total Public Safety	40,919,385	6,276,558	21,993,702	—	12,649,125
Community Maintenance and Development:					
Public Works	55,313,213	23,400,662	19,499,593	6,172,964	6,239,994
Community Development	4,001,636	—	57,711	3,739,136	204,289
Historical Commission	180,184	—	—	104,725	75,459
Conservation Commission	(2,247)	—	—	—	(2,247)
Rent Control	76,909	—	—	—	76,909
Cable Television	220,762	—	—	—	220,762
Total Community Maintenance and Development	59,790,457	23,400,662	19,557,304	10,016,825	6,815,666
Human Resource Development:					
Library	1,806,117	125,000	1,265,200	—	415,911
Human Services	90,158,330	87,242,253	891,635	1,277,517	746,925
Human Rights Commission	15,329	—	—	—	15,329
Women's Commission	11,539	—	—	—	11,539
Health Department/School Health	8,253	—	—	—	8,253
Veteran Benefits	19,181	—	—	—	19,181
Total Human Resource Development	92,018,749	87,367,253	2,156,841	1,277,517	1,217,138
Public School	131,727,963	55,067,765	68,373,775	848,786	7,437,637
Construction in Progress	16,041,216	—	16,041,216	—	—
Totals	$ 343,414,361	172,112,238	128,122,838	12,143,128	31,036,157

CITY OF CAMBRIDGE, MASSACHUSETTS

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

As of June 30, 1998

Function and Activity	General Fixed Assets June 30, 1997	Additions	Disposals	General Fixed Assets June 30, 1998
General Government:				
Control:				
Legislative	$ 90,705	124,243	—	214,948
Executive	131,569	3,445	—	135,014
Total Control	222,274	127,688	—	349,962
Staff Agencies:				
Elections	309,063	2,575	(4,604)	307,034
Finance	1,974,456	157,856	(100,380)	2,031,932
Law	81,445	14,219	(34,445)	61,219
Employee Benefits	2,091	—	—	2,091
Animal Commission	1,964	33,095	—	35,059
Public Celebrations	119,294	10,000	—	129,294
Total Staff Agencies	2,488,313	217,745	(139,429)	2,566,629
Total General Government	2,710,587	345,433	(139,429)	2,916,591
Public Safety:				
Building Inspection	45,234	22,300	(25,236)	42,298
License	20,227	76,628	(12,141)	84,714
Weights and measures	10,219	—	—	10,219
Emergency management	30,153	—	—	30,153
Fire protection	8,991,404	25,900	(6,306)	9,010,998
Police protection	5,507,017	1,847,226	(103,500)	7,250,743
Traffic and parking	22,140,637	271,625	(166,083)	22,246,179
Electrical	453,460	2,682	—	456,142
Emergency Commission	2,526,391	—	(738,452)	1,787,939
Total Public Safety	39,724,742	2,246,361	(1,051,718)	40,919,385
Community Maintenance and Development:				
Public Works	54,880,887	432,326	—	55,313,213
Community Development	4,103,724	28,123	(130,211)	4,001,636
Historical Commission	186,867	—	(6,683)	180,184
Conservation Commission	164	—	(2,411)	(2,247)
Rent Control	76,909	—	—	76,909
Cable television	214,762	6,000	—	220,762
Total Community Maintenance	59,463,313	466,449	(139,305)	59,790,457
Human Resource Development:				
Library	1,727,878	83,239	(5,000)	1,806,117
Human Services	90,141,173	32,260	(15,103)	90,158,330
Human Rights Commission	12,414	2,915	—	15,329
Women's Commission	5,709	5,830	—	11,539
Health Department/School Health	8,253	—	—	8,253
Veteran's Benefits	19,181	—	—	19,181
Total Human Resource Development	91,914,608	124,244	(20,103)	92,018,749
Public Schools	130,798,212	929,751	—	131,727,963
Construction in Progress	6,680,170	9,361,046	—	16,041,216
Totals	$ 331,291,632	13,473,284	(1,350,555)	343,414,361

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Statistical Section

STATISTICAL SECTION

Statistical tables differ from financial statements since they usually cover more than one fiscal year and may present nonaccounting data. The following tables reflect social and economic data, financial trends, and the fiscal capacity of the City.

CITY OF CAMBRIDGE, MASSACHUSETTS

General Governmental Expenditures by Function - Budgetary Basis (1)

Last Ten Fiscal Years

Fiscal Year	General, Government Inter-governmental and Judgments and Claims	Public Safety	Community Maintenance and Development	Health, Hospital and Neville Manor	Human Resource Development	Education	Water	Debt Service	Total
1989	$ 24,622,933	$ 41,710,216	$ 19,822,690	$ 52,480,973	$ 6,968,342	$ 61,516,982	$ 3,787,693	$ 5,492,663	$ 216,402,492
1990	25,953,030	43,625,473	20,110,302	56,872,974	7,522,121	64,938,390	3,991,687	5,855,433	228,869,410
1991	29,377,351	45,900,338	20,907,100	63,015,281	8,291,888	68,796,729	4,261,520	7,799,479	248,349,686
1992	32,308,733	46,882,889	20,416,173	70,357,376	8,761,217	71,874,739	4,585,200	8,213,984	263,400,311
1993	45,259,376	48,346,555	20,227,895	75,499,307	9,266,281	74,465,531	4,823,956	8,878,370	286,767,271
1994	39,492,272	52,420,342	20,256,849	78,918,379	9,512,079	79,668,979	4,914,661	8,127,856	293,311,417
1995	38,463,753	53,707,656	19,711,035	84,112,435	9,909,005	81,351,321	7,517,510	6,091,530	300,864,245
1996	38,707,201	54,986,388	20,317,721	10,896,015	10,713,945	85,952,725	—	7,486,944	229,060,939
1997	37,844,452	56,250,701	21,544,794	—	11,912,355	86,933,392	—	9,908,476	224,394,170
1998	39,316,478	61,549,659	19,925,112	—	12,984,351	89,886,002	—	10,296,287	233,957,889

(1) Includes General, Hospital, Neville Manor and Water funds for fiscal years 1989 through 1995. The figure in the Health, Hospital and Neville Manor column for 1996 represents the subsidies from the General Fund to the Hospital and Neville Manor Enterprise Funds. In 1997, the Cambridge Public Health Commission, which includes the Cambridge Hospital, Health Department, and Neville Manor, was established as a separate authority. The City's transfer to the CPHC is shown as an Operating Transfer to a Component Unit on the Statement of Revenues, Expenditures, and Changes in Fund Balance Statement.

CITY OF CAMBRIDGE, MASSACHUSETTS

General Governmental Expenditures by Function - GAAP Basis (1)

Last Ten Fiscal Years

(amounts expressed in thousands)

Fiscal Year	General Government	Public Safety	Community Maintenance and Development	Health (2)	Human Resources	Education	Fuel Assistance	Judgment and Claims	State Assessments	Other	Debt Service	Totals
1989	$ 11,411	$ 40,809	$ 19,942	$ 7,617	$ 6,905	$ 67,120	$ 1,777	$ 1,490	$ 10,978	$ 7,377	$ 5,469	$ 180,895
1990	12,123	43,624	19,961	8,085	7,398	71,146	1,937	706	12,486	6,103	5,710	189,279
1991	14,552	45,308	20,254	816	8,143	75,089	1,564	1,885	13,335	5,477	6,319	192,742
1992	16,460	47,273	19,968	970	8,719	77,364	1,663	3,690	15,906	8,280	6,191	206,484
1993	18,455	48,411	20,507	1,019	9,313	80,135	1,792	1,847	18,764	1,934	6,685	208,862
1994	18,525	52,202	20,461	1,391	9,401	77,668	1,326	1,256	19,564	5,200	5,837	212,831
1995	18,219	53,814	18,090	1,413	9,439	81,368	1,072	11	19,752	5,380	6,085	214,643
1996	17,842	55,362	19,229	— (3)	10,153	85,836	837	846	21,067	5,369	7,383	223,924
1997	16,719	55,931	19,076	— (3)	11,169	85,514	744	936	20,660	4,350	9,884	224,983
1998	17,475	62,070	19,328	— (3)	12,343	90,481	650	537	20,826	4,268	10,280	238,258

(1) Includes General and selected Special Revenue Funds.
(2) Includes Neville Manor for fiscal years 1989 through 1990.
(3) Included in Enterprise Fund for fiscal year 1996 and Cambridge Public Health Commission in 1997 and 1998.

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

CITY OF CAMBRIDGE, MASSACHUSETTS

General Governmental Revenues by Source

Budget Basis (1)

Last Ten Fiscal Years

Fiscal Year	Taxes (2)	Licenses and Permits	Inter-Governmental Revenue	Charges for Service	Fines and Forfeits (3)	Miscellaneous Revenue	Revenues
1989	$ 100,124,906	$ 3,990,544	$ 42,722,387	$ 57,425,435	$ 7,172,974	$ 6,870,904	$ 218,307,150
1990	114,295,452	4,210,888	42,836,437	66,327,437	7,630,193	7,141,029	242,441,436
1991	122,112,209	2,796,254	38,128,709	88,004,301	7,503,100	8,608,149	267,152,722
1992	132,079,005	3,151,596	32,276,073	96,179,301	8,272,148	4,481,042	276,439,165
1993	138,716,553	3,240,024	31,513,900	112,245,063	7,850,060	8,012,893	301,578,493
1994	143,781,002	3,642,665	33,304,293	97,380,024	7,113,691	10,690,342	295,912,017
1995	149,853,977	3,894,207	35,154,075	116,806,361	7,463,198	18,744,229	331,916,047
1996	150,282,907	4,019,555	35,464,750	21,976,741	7,270,904	7,558,188	226,573,045
1997	154,534,476	6,094,715	36,420,810	21,908,242	7,336,024	9,739,440	236,033,707
1998	160,453,362	6,738,798	37,207,164	22,688,087	7,281,070	8,105,589	243,082,774

(1) Includes General, Hospital, Neville Manor, and Water Funds for fiscal years 1989 through 1995 and the General Fund for fiscal years 1996, 1997 and 1998.

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

(3) Includes parking fines reported in the Special Revenue Fund as follows: $6,735,267 in 1989, $7,208,224 in 1990, $7,086,473 in 1991, $7,799,327 in 1992, $7,318,842 in 1993, $6,597,258 in 1994, $6,855,815 in 1995, $6,620, 432 in 1996, $6,722,343 in 1997, and $6,643,771 in 1998.

CITY OF CAMBRIDGE, MASSACHUSETTS

Property Tax Levies and Collections (1)

Last Ten Fiscal Years

Fiscal Year	Net Tax (2) Levy	Current Tax (3) Collections	Percent of Net Levy Collected	Prior Year Tax Collections (Refunds) (4)	Total Tax Collections	Total Collections as a % of Net Levy	Outstanding and/or Delinquent Taxes (5)	Outstanding Delinquent Taxes as a % of Net Levy
1989	$ 92,585,894	$ 89,210,379	96.35%	$ 2,050,244	$ 91,260,623	98.57%	$ 6,236,064	6.74%
1990	106,651,725	100,810,391	94.52	1,716,413	102,526,804	96.13	9,115,560	8.55
1991	115,000,000	109,346,157	95.08	1,580,810	110,926,967	96.46	9,895,076	8.60
1992	124,550,000	117,575,578	94.40	(947,350)	116,628,228	93.64	9,807,232	7.87
1993	130,080,000	123,754,263	95.14	(3,155,563)	120,598,700	92.71	9,013,045	6.93
1994	135,164,021	134,148,722	99.25	2,601,390	136,750,112	101.17	5,431,218	4.02
1995	140,195,748	139,981,553	99.85	1,478,539	141,460,092	100.90	5,179,797	3.69
1996	140,191,464	139,860,593	99.76	(1,618,909)	138,241,684	98.61	4,447,397	3.17
1997	143,820,000	143,985,981	100.12	(6,610,010)	137,375,971	95.52	4,531,992	3.15
1998	150,053,550	150,900,173	100.56	(392,618)	150,507,555	100.30	4,451,252	2.97

(1) Real and personal property taxes.

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

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

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

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

CITY OF CAMBRIDGE, MASSACHUSETTS

Assessed Value and Equalized Valuation of Taxable Property

Last Ten Fiscal Years

Fiscal Year	Real Property	Personal Property	Total Assessed Value (1)	Equalized Valuation (2)	% of Total Assessed Value to Equalized
1989	$ 7,183,753,910	$ 144,093,012	$ 7,327,846,922	$ 7,190,306,000	101.9%
1990	8,360,269,144	168,500,000	8,528,769,144	7,190,306,000	118.6
1991	8,482,806,830	180,100,000	8,662,906,830	8,777,325,000	98.7
1992	7,621,874,272	192,100,000	7,813,974,272	8,777,325,000	89.0
1993	6,851,975,239	200,600,000	7,052,575,239	7,984,791,000	88.3
1994	6,576,193,610	213,800,000	6,789,993,610	7,984,791,000	85.0
1995	6,533,446,242	221,500,000	6,754,946,242	7,508,093,800	90.0
1996	6,782,990,307	227,040,000	7,010,030,307	7,508,093,800	93.3
1997	7,006,073,437	236,051,000	7,242,124,437	7,593,801,600	95.4
1998	7,254,711,431	248,991,150	7,503,702,581	7,593,801,600	98.8

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

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

Source: City Department of Finance.

CITY OF CAMBRIDGE, MASSACHUSETTS

Property and Motor Vehicle Tax Rates (1)

Last Ten Fiscal Years

Fiscal Year	Residential Real Property	Commercial and Industrial Real Property	Personal Property	Motor Vehicle
1989	$ 9.23	$ 20.06	$ 20.06	$ 25.00
1990	9.51	18.16	18.16	25.00
1991	10.13	19.15	19.15	25.00
1992	12.21	22.90	22.90	25.00
1993	13.33	28.40	28.40	25.00
1994	13.79	32.78	32.78	25.00
1995	14.17	34.86	34.86	25.00
1996	13.32	34.89	34.89	25.00
1997	13.02	35.78	35.78	25.00
1998	13.43	35.98	35.78	25.00

(1) Real and personal property tax rate applicable to each $1,000 of assessed value. Motor vehicle excise tax is assessed on a calendar year basis, applicable to each $1,000 of assessed value.

Source: City Department of Finance.

CITY OF CAMBRIDGE, MASSACHUSETTS

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

Last Ten Fiscal Years

Fiscal Year	Population (1)	Assessed Value	Net Bonded Debt (2)	Ratio of Net Bonded Debt to Assessed Valuation	Net Bonded Debt per Capita
1989	91,260	$ 7,327,846,922	$ 56,950,000	0.8%	$ 624
1990	90,290	8,528,769,144	67,705,000	0.8	749
1991	95,802	8,662,906,830	63,985,000	0.7	668
1992	97,526	7,813,974,272	62,820,000	0.8	644
1993	97,526	7,052,575,239	51,605,000	0.7	529
1994	99,890	6,789,993,612	57,722,153	0.9	578
1995	99,890	6,754,946,242	77,407,264	1.1	775
1996	99,890	7,010,030,307	80,567,165	1.1	807
1997	99,890	7,242,124,437	79,134,995	1.1	792
1998	93,793	7,503,702,581	107,171,111	1.4	1,143

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

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

Source: City Department of Finance.

CITY OF CAMBRIDGE, MASSACHUSETTS

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

Last Ten Fiscal Years

Fiscal Year	Principal (1)	Interest (1)	Total Debt Service (2)	Total Expenditures (3)	Ratio of Debt Service to Total Expenditures
1989	$ 9,135,000	$ 3,349,109	$ 12,484,109	$ 216,402,492	5.8%
1990	9,245,000	3,568,731	12,813,731	228,869,410	5.6
1991	11,030,000	4,256,198	15,286,198	248,349,686	6.2
1992	10,845,000	3,955,775	14,800,775	263,400,311	5.6
1993	11,215,000	3,683,153	14,898,153	286,767,271	5.2
1994	10,566,693	3,001,032	13,567,725	293,311,417	4.6
1995	10,706,980	3,500,789	14,207,769	300,864,245	4.7
1996	13,130,099	4,005,353	17,135,452	229,060,939	7.5
1997	15,955,828	4,160,269	20,116,097	224,394,170	9.0
1998	13,963,884	3,932,297	17,896,181	233,957,889	7.6

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

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

(3) Includes all categories of operating expenditures from 1989 to 1995 and General Fund expenditures from 1996 to 1998.

Source: City Department of Finance.

CITY OF CAMBRIDGE, MASSACHUSETTS

Computation of Legal Debt Margin

June 30, 1998

Fiscal year 1998 equalized valuation (1)	$ 7,593,801,600
Normal debt limit (2-1/2% of equalized valuation)	189,845,040
Amount of debt applicable to debt limit:	
Total bonded debt	107,171,111
Total authorized/unissued	133,753,773
Less:	
General obligation bonds exempted by authority of the state legislature	124,555,000
Amount within debt limit	116,369,884
Legal debt margin	$ 73,475,156

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(1) In order to determine appropriate relative values for the purposes of certain distributions to and assessments upon cities and towns, the Commissioner of Revenue biannually makes his own determination of fair cash value of the taxable property in each municipality. This is known as "equalized valuation." The last redetermination of "equalized valuation" for the City was made as of January 1, 1996.

Source: City Department of Finance.

CITY OF CAMBRIDGE, MASSACHUSETTS

Computation of Direct and Overlapping Debt

June 30, 1998

Name of Unit	Direct Debt (1)	Outstanding Overlapping Debt	Percentage Applicable to City of Cambridge	Total City of Cambridge Direct and Overlapping Debt
City of Cambridge	$ 110,514,564	$ —	100%	$ 110,514,564
Middlesex County	—	1,680,000	11.70	196,560
Massachusetts Water Resources Authority	—	3,474,721,000	4.08	141,599,725
Massachusetts Bay Transportation Authority	—	3,210,730,000	4.29	137,588,326
Total direct and overlapping debt	$ 110,514,564	$ 6,687,131,000		$ 389,899,175

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

Source: City Department of Finance.

CITY OF CAMBRIDGE, MASSACHUSETTS

Property Value, Construction and Bank Deposits

Last Ten Fiscal Years

(Dollars in thousands)

Fiscal Year	Real Property Assessed Value	Building Permits Issued (1)	Construction Value	% Distribution (1) Residential	Commercial	Bank Deposits (2)
1989	$ 7,183,754	1,590	$ 256,953	14%	86%	$ 2,288,062
1990	8,360,269	1,964	229,124	27	73	2,283,866
1991	8,662,907	1,979	93,961	33	67	2,259,264
1992	7,813,974	1,318	144,754	21	79	2,284,115
1993	7,052,575	1,618	143,324	29	71	1,905,000
1994	6,789,994	1,672	178,799	24	76	1,939,000
1995	6,754,946	1,749	162,757	22	78	2,021,000
1996	6,782,990	1,664	185,205	33	67	2,105,345
1997	7,006,073	1,995	388,057	25	75	2,532,646
1998	7,254,711	2,460	430,162	38	62	2,782,541

(1) Source: Inspection Services Department.

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

CITY OF CAMBRIDGE, MASSACHUSETTS

Principal Taxpayers (1)

June 30, 1998

Name	Nature of Business	Assessed Valuation	Amount of Tax	% of Total Tax Levy
Commonwealth Energy	Utility	$ 196,235,200	$ 7,055,825	4.6%
Boston Properties	Commercial	165,449,400	5,954,668	3.9
Massachusetts Institute of Technology	Educational	157,093,002	5,083,081 (2)	3.3
Cambridge Side Galleria — New England Development	Commercial	93,726,000	3,372,261	2.2
Asahi Seimei Prudential Associates	Commercial	92,427,400	3,325,538	2.2
The Ahteneum Group - Robert Jones K. George Najarian	Commercial	85,113,900	3,059,812	2.0
Spaulding & Slye Corp.	Commercial	59,203,600	2,130,146	1.4
E.M.I. Cambridge Limited Partnership	Commercial	56,484,500	2,032,312	1.3
Presidents & Fellows of Harvard College	Educational	114,305,609	1,823,883	1.2
The Congress Group	Commercial	54,916,300	1,814,796	1.2
Totals		$ 1,074,954,911	$ 35,652,322	23.3%

(1) As of January 1, 1997.
(2) Excludes in lieu payments on exempt property.

Source: City Department of Finance.

CITY OF CAMBRIDGE, MASSACHUSETTS

Salaries of Principal Officials

June 30, 1998

City Council:		
Chairman (Mayor)	$	61,360
Members		41,080
City Clerk		71,039
City Auditor		64,775
Executive:		
City Manager		136,898
Deputy City Manager		113,838
Assistant City Manager/Fiscal Affairs		90,710
Assistant City Manager/Community Development		89,110
Assistant City Manager/Human Services		90,360
Budget Director		69,907
Personnel Director		82,747
Director of Assessment		76,981
City Solicitor		68,873
Commissioner of Public Works		81,258
Commissioner of Inspectional Services		76,473
Superintendent of Schools		122,000
Police Commissioner		112,476
Fire Chief		104,310
Director of Libraries/Communications		76,473

Source: City Department of Finance.

CITY OF CAMBRIDGE, MASSACHUSETTS

Miscellaneous Statistics

Characteristic	Cambridge	Boston - SMSA	Massachusetts	United States
Population (1):	90,290	2,870,689	6,016,425	248,709,873
Median age (2):				
1990	31.1	23.4	33.6	32.9
1980	28.6	31.3	31.2	30.0
1970	26.8	29.1	29.0	28.0
1960	29.6	32.0	32.1	29.5
Age group (3):				
5-17	19.2%	14.3%	15.6%	18.2%
25-44	41.0	35.1	33.6	32.5
65 and over	10.5	12.9	13.6	12.6
Median family income (2):				
1989	$ 39,990	$ 49,266	$ 44,367	$ 37,919
1979	17,845	22,848	21,166	19,917
1969	9,815	11,449	10,981	9,590
Per capita income (2):				
1989	$ 19,879	$ 23,746	$ 22,236	$ 17,592
1987	15,613	20,355	18,296	15,472
1985	13,494	17,391	16,324	13,908
1983	11,403	14,612	13,306	11,687
1979	7,957	9,880	10,096	9,494
1969	3,899	4,471	4,349	3,945
Unemployment rates (4):				
1998	1.5%	2.4%	2.9%	4.1%
1997	2.1	3.6	4.5	5.5
1996	2.8	4.4	5.4	5.8
1995	3.4	4.3	4.8	5.3
1994	4.5	5.3	6.0	6.2
1993	4.6	5.4	6.4	7.1
1992	6.4	8.5	10.0	7.7
1991	6.1	8.2	9.9	7.2
1990	3.0	4.1	5.5	5.9
1989	2.8	3.4	4.4	5.3
1988	2.4	2.8	3.3	5.5
1987	2.4	3.1	3.8	6.2
1986	3.2	3.5	3.8	7.0
Four or more years of college education 25 years old and over (3)	54.2%	35.4%	27.2%	*
High school graduates 25 years old and over (3)	84.4%	84.3%	27.2%	*
Public school enrollments (5):	**K-8**	**9-12**	**Special**	**Total**
1998	5,497	1,910	459	7,866
1997	5,539	1,983	531	8,053
1996	5,528	1,989	651	8,168
1995	5,574	2,047	670	8,291
1994	5,460	2,036	688	8,184
1993	5,297	2,038	688	8,023
1992	5,097	2,102	673	7,872
1991	4,998	2,078	681	7,757
1990	4,796	2,136	703	7,635
1989	4,657	2,253	743	7,653
1988	4,584	2,400	721	7,705
1987	4,631	2,541	648	7,820
1986	4,686	2,619	582	7,887

(1) Source: U.S. Department of Commerce, Bureau of Census, Current Population Reports, "Local Population Estimates", 1990, and City of Cambridge Community Development Department.
(2) Source: U.S. Department of Commerce, Bureau of Census, and the Bureau of Economic Analysis, and City of Cambridge Community Development Department.
(3) Source: U.S. Department of Commerce, Bureau of Census, 1980 Census of Population.
(4) Source: Department of Labor, Bureau of Labor Statistics and Massachusetts Division of Employment Security.
(5) Enrollments are as of October 1 for the fiscal years shown.
* Unavailable.

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CITY OF CAMBRIDGE, MASSACHUSETTS

**COMPREHENSIVE
ANNUAL FINANCIAL REPORT**

**For the Fiscal Year ended
June 30, 1998**

Electronic Publishing	KPMG Peat Marwick LLP
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AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

The Honorable Mayor and City Council
City of Cambridge, Massachusetts:

We have audited the general purpose financial statements of the City of Cambridge, Massachusetts (the "City"), as of and for the year ended June 30, 1998, and have issued our report thereon dated December 15, 1998, which was qualified because insufficient audit evidence exists to support the City's disclosure with respect to the Year 2000 issues. Except as discussed in the preceding sentence, we conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The report also discusses the City's adoption of Governmental Accounting Standards Board Statements Nos. 31 and 32 in 1998.

Compliance

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

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted no other matters involving the internal control over financial reporting, which we have reported to management of the City in a separate letter dated December 15, 1998.

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

KPMG Peat Marwick LLP

December 15, 1998

19.

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EXECUTIVE DEPARTMENT
ROBERT W. HEALY
City Manager

RICHARD C. ROSSI
Deputy City Manager

February 1, 1999

To The Honorable, The City Council:

I am hereby transmitting for your information the City's FY1998 Comprehensive Annual Financial Report.

Very truly yours,

Robert W. Healy
City Manager

RWH/mec

Consent Agenda #19 27 F

Relative to the City's FY1998
Comprehensive Annual Financial
Report.

In City Council February 1, 1999

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