

OFFICIAL STATEMENT DATED MARCH 4, 2026

Ratings: See "Ratings" herein.

Fitch Ratings: AAA

Moody's Investors Service, Inc.: Aaa

S&P Global Ratings: AAA

New Issue

In the opinion of Troutman Pepper Locke LLP, Bond Counsel, based upon an analysis of existing law and assuming, among other matters, compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under the Internal Revenue Code of 1986, as amended (the "Code"). Interest on the Bonds will not be included in computing the alternative minimum taxable income of individuals. However, interest on the Bonds will be included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. Under existing law, interest on the Bonds is exempt from Massachusetts personal income taxes, and the Bonds are exempt from Massachusetts personal property taxes. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds. See "Tax Exemption" herein. The Bonds will not be designated as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code.

CITY OF CAMBRIDGE, MASSACHUSETTS \$144,420,000 GENERAL OBLIGATION MUNICIPAL PURPOSE LOAN OF 2026 BONDS

DATED

Date of Delivery

DUE

February 15
(as shown below)

The Bonds are issuable only in fully registered form, registered in the name of Cede & Co., as Bondowner and nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Bonds. Purchases of the Bonds will be made in book-entry form, in denominations of \$5,000 or any integral multiple thereof. See "THE BONDS - Book-Entry Transfer System" herein.

Principal of the Bonds will be payable February 15 of the years in which the Bonds mature. Interest on the Bonds will be payable August 15, 2026 and semiannually thereafter on February 15 and August 15 until maturity. Principal and semiannual interest on the Bonds will be paid by U.S. Bank Trust Company, National Association, Boston, Massachusetts, or its successor, as Paying Agent. So long as DTC or its nominee, Cede & Co., is the Bondowner, such payments will be made directly to such Bondowner. Disbursement of such payments to the DTC Participants is the responsibility of DTC and disbursement of such payments to the Beneficial Owners is the responsibility of the DTC Participants and Indirect Participants, as more fully described herein.

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

An opinion of Bond Counsel will be delivered with the Bonds to the effect that the Bonds are valid and binding general obligations of the City of Cambridge, Massachusetts (the "City") and, except to the extent they are paid from other sources, the principal of and interest on the Bonds are payable from taxes which may be levied upon all taxable property in the City, subject to the limit imposed by Chapter 59, Section 21C of the General Laws.

MATURITIES, AMOUNTS, RATES, YIELDS AND CUSIPS

Due February 15	Principal Amount	Interest Rate	Yield	CUSIP # 132286
2027	\$ 17,925,000	5.00 %	1.87 %	DJ1
2028	17,005,000	5.00	1.88	DK8
2029	15,165,000	5.00	1.92	DL6
2030	15,245,000	5.00	1.95	DM4
2031	15,310,000	5.00	2.00	DN2
2032	14,845,000	5.00	2.03	DP7
2033	14,415,000	5.00	2.12	DQ5
2034	12,700,000	5.00	2.24	DR3
2035	11,875,000	5.00	2.34	DS1
2036	9,935,000	5.00	2.43	DT9

The Bonds are offered subject to the final approving opinion of Troutman Pepper Locke LLP, Boston, Massachusetts, Bond Counsel, and to certain other conditions referred to herein and in the Notice of Sale. Government Finance Group LLC, Alexandria, Virginia has acted as Municipal Advisor to the City with respect to the Bonds. See "Municipal Advisory Services of Government Finance Group LLC" herein. The Bonds in definitive form will be delivered to DTC, or its custodial agent, on or about March 18, 2026 for settlement in federal funds.

BOFA SECURITIES

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SUMMARY STATEMENT

The information set forth below is qualified in its entirety by the information and financial statements appearing elsewhere in this Official Statement.

Date of Sale:	Wednesday, March 4, 2026, 11:00 A.M. (E.T.).
Location of Sale:	See "Notice of Sale" herein.
Issuer:	City of Cambridge, Massachusetts.
Issue:	\$144,420,000 General Obligation Municipal Purpose Loan of 2026 Bonds, see "THE BONDS - Book-Entry Transfer System" herein.
Official Statement Dated:	March 4, 2026.
Dated Date of the Bonds:	Date of delivery.
Principal Due:	Serially February 15, 2027 through February 15, 2036, as detailed herein.
Interest Payable:	Semiannually on February 15 and August 15 until maturity, commencing August 15, 2026.
Redemption:	The Bonds are not subject to redemption prior to their stated maturity dates.
Purpose and Authority:	The Bonds are authorized by the City for various municipal purposes under Chapter 44 of the Massachusetts General Laws as detailed herein.
Security for the Bonds:	The Bonds are valid and binding general obligations of the City of Cambridge, and, except to the extent they are paid from other sources, the Bonds are payable from taxes which may be levied upon all taxable property in the City, subject to the limit imposed by Chapter 59, Section 21C of the General Laws.
Credit Ratings:	Fitch Ratings, Moody's Investors Service, Inc. and S&P Global Ratings have assigned ratings of AAA, Aaa and AAA, respectively, to the Bonds. See "Ratings" herein.
Bond Insurance:	The City has not contracted for the issuance of any policy of municipal bond insurance or any other credit enhancement facility.
Basis of Award:	Lowest True Interest Cost (TIC), as of the dated date. BIDS MUST INCLUDE A PREMIUM OF AT LEAST \$465,000.
Tax Exemption:	Refer to "THE BONDS - Tax Exemption" herein and Appendix B, "Proposed Form of Legal Opinion".
Continuing Disclosure:	Refer to "THE BONDS - Continuing Disclosure" herein and Appendix C "Proposed Form of Continuing Disclosure Certificate".
Bank Qualification:	The Bonds will <u>not</u> be designated as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.
Paying/Refunding Escrow Agent:	U.S. Bank Trust Company, National Association, Boston, Massachusetts.
Legal Opinion:	Troutman Pepper Locke LLP, Boston, Massachusetts.
Municipal Advisor:	Government Finance Group LLC, Alexandria, Virginia.
Delivery and Payment:	It is expected that delivery of the Bonds in book-entry only form will be made to The Depository Trust Company, or to its custodial agent, on or about March 18, 2026 against payment in federal funds.
Issuer Official:	Questions concerning the Official Statement should be addressed to: Claire Spinner, Assistant City Manager for Fiscal Affairs, City of Cambridge, Massachusetts, Telephone (617) 349-9478 or John Krause, Government Finance Group LLC, Alexandria, Virginia Telephone (703) 863-3737.

NOTICE OF SALE

CITY OF CAMBRIDGE, MASSACHUSETTS

\$162,810,000*

GENERAL OBLIGATION MUNICIPAL PURPOSE LOAN OF 2026 BONDS

The City of Cambridge, Massachusetts (the "City") will receive electronic (as described herein) proposals until 11:00 A.M., Eastern Time, Wednesday, March 4, 2026, for the purchase of the following described \$162,810,000* General Obligation Municipal Purpose Loan of 2026 Bonds of the City (the "Bonds"):

\$162,810,000* General Obligation Municipal Purpose Loan of 2026 Bonds payable February 15 of the years and in the amounts as follows:

<u>Due February 15</u>	<u>Principal Amount*</u>
2027	\$ 20,065,000
2028	19,230,000
2029	17,260,000
2030	17,260,000
2031	17,260,000
2032	16,660,000
2033	16,135,000
2034	14,280,000
2035	13,355,000
2036	11,305,000

*Preliminary, subject to change.

The Bonds will be dated their date of delivery. Principal of the Bonds will be payable February 15 of the years in which the Bonds mature. Interest will be payable semiannually on February 15 and August 15 until maturity, commencing August 15, 2026.

The Bonds will be issued by means of a book-entry system with no physical distribution of the Bonds made to the public. One certificate for each maturity of the Bonds will be issued to The Depository Trust Company, New York, New York ("DTC"), and immobilized in its custody. Ownership of the Bonds in principal amounts of \$5,000 or integral multiples thereof will be evidenced by a book-entry system with transfers of ownership effected on the records of DTC and its Participants pursuant to rules and procedures established by DTC and its Participants. The successful bidder for the Bonds (the "Successful Bidder"), as a condition to delivery of the Bonds, shall be required to deposit the Bonds with DTC, registered in the name of Cede & Co. Interest and principal on the Bonds will be payable to DTC or its nominee as Registered Owner of the Bonds. Transfer of principal and interest payments to Participants of DTC will be the responsibility of DTC. Transfer of principal and interest payments to Beneficial Owners will be the responsibility of such Participants and other nominees of Beneficial Owners. The City will not be responsible or liable for maintaining, supervising or reviewing the records maintained by DTC, its Participants or persons acting through such Participants.

The original Bonds to be immobilized at DTC and their legality will be approved by Troutman Pepper Locke LLP, Boston, Massachusetts, whose opinion will be furnished to the Successful Bidder without charge.

Principal of and semi-annual interest on the Bonds will be paid by U.S. Bank Trust Company, National Association, Boston, Massachusetts as Paying Agent, or its successor, as Paying Agent. So long as DTC or its nominee, Cede & Co., is the Bond Owner, such payments will be made directly to DTC. Disbursement of such payments to the DTC Participants is the responsibility of DTC and disbursement of such payments to the Beneficial Owners is the responsibility of the DTC Participants and the Indirect Participants, as more fully described herein.

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

Bidding Parameters

Bidders shall state the rate or rates of interest per annum which the Bonds are to bear in a multiple of 1/20 or 1/8 of one percent, but shall not state (a) more than one interest rate for any Bonds having a like maturity, (b) any interest rate which exceeds the interest rate stated for any other Bonds by more than 3 percent or (c) any interest rate in excess of 5.0%. **No bid of less than par plus a premium of \$465,000 will be accepted.**

The current Bond structure does not reflect any premium. Any premium above the \$465,000 amount required will be used to reduce the par amount of the Bonds. The City reserves the right to change the aggregate principal amount of the Bonds and the maturity schedule after the determination of the winning bid by increasing or decreasing the aggregate principal amount and the principal amount of each maturity by such amounts as may be necessary (a) to produce sufficient funds to accomplish the purposes for which the Bonds are being issued and (b) to structure the principal payments of the Bonds to be as close to equal on an annual basis as practicable for each purpose within the Bonds. THE SUCCESSFUL BIDDER MAY NOT WITHDRAW ITS BID OR CHANGE THE INTEREST RATES, BID OR THE INITIAL REOFFERING PRICES AS A RESULT OF ANY CHANGES MADE TO THE ANNUAL PRINCIPAL AMOUNTS WITHIN THESE LIMITS. The dollar amount bid for the Bonds by the Successful Bidder will be adjusted, if applicable, to reflect changes in the dollar amount of the amortization schedule. Any price that is adjusted will reflect changes in the dollar amount of the underwriter's discount and original issue premium, but will not change the per bond underwriter's discount (net of insurance premium, if any) provided in such bid. Nor will it change the interest rate specified for each maturity. Any such adjustments will be communicated to the Successful Bidder for the Bonds by 4 p.m., Eastern Time, on the day of the sale.

As between proposals which comply with this Notice of Sale, the award will be to the bidder who offers to purchase all the Bonds at the lowest net effective interest rate to the City. Such interest rate shall be determined on a true interest cost (TIC) basis, which shall mean that rate which, as of the delivery date, discounts semiannually all future payments on account of principal and interest to the price bid. In the event there is more than one proposal specifying the lowest such rate, The Bonds will be awarded to the bidder whose proposal is selected by the City Treasurer, by lot, among all such proposals.

Bids must be submitted electronically via Parity in accordance with this Notice of Sale. To the extent any instructions or directions set forth in Parity conflict with this Notice of Sale, the terms of this Notice of Sale shall control. For further information about Parity, potential bidders may contact the Municipal Advisor to the City or i-Deal at 40 West 23rd Street, 5th Floor, New York, NY 10010 (212) 404-8102. An electronic bid made in accordance with this Notice of Sale shall be deemed an offer to purchase the Bonds in accordance with the terms provided in this Notice of Sale and shall be binding upon the bidder as if made by a signed and sealed written bid delivered to the City. In the event of a malfunction of the electronic bidding system, facsimile transmission bids will be accepted up to 12:00 p.m., eastern time, on the date of sale in order to be considered. Bid forms may be obtained from the City or its Municipal Advisor (see additional information, below). In the case of a malfunction of the electronic bidding system, bidders choosing to submit bids by facsimile transmission shall use the following telecopier number for such transmission: (617) 349-4213 (Attention: Claire Spinner). Transmissions received after the deadline shall be rejected. It is the responsibility of the bidder to ensure that the bid is legible, that the bid is received prior to 12:00 p.m., Eastern Time, and that the bid is sent to the telecopier number set forth above. Illegible transmissions will not be accepted. The City's Municipal Advisor, Government Finance Group LLC, will verify receipt of each bid submitted through facsimile transmission by each bidder by telephone once the bid has been received. The City's Municipal Advisor will in no instance correct, alter or in any way change bids submitted through facsimile transmission. Neither the City nor its Municipal Advisor will be responsible for bids submitted by facsimile transmission that are not received in accordance with the provisions of this Official Notice of Sale. Bidders electing to submit bids via facsimile transmission will bear full and complete responsibility for the transmission of such bid. Each bid must be unconditional.

The award of the Bonds to the Successful Bidder will not be effective until the bid has been approved by the City Treasurer and the City Manager.

The right is reserved to reject any or all proposals and to reject any proposal not complying with this Notice of Sale and, so far as permitted by law, to waive any irregularity with respect to any proposal.

It shall be a condition to the obligation of the Successful Bidder to accept delivery of and pay for the Bonds that it shall be furnished, without cost, with (a) the approving opinion of the firm of Troutman Pepper Locke LLP, Boston, Massachusetts, substantially in the form appearing as Appendix B to the Preliminary Official Statement dated February 20, 2026, (b) a certificate in a form satisfactory to Bond Counsel dated as of the date of delivery of the Bonds and receipt of payment therefor to the effect that there is no litigation pending or, to the knowledge of the signer or signers thereof, threatened which affects the validity of the Bonds or the power of the City to levy and collect taxes to pay them, (c) a certificate of the City

Treasurer to the effect that, to the best of her knowledge and belief, as of its date and as of the date of the sale the Preliminary Official Statement did not, and the Final Official Statement as of its date and as of date of delivery of the Bonds, did not and does not, contain any untrue statement of a material fact and did not and does not omit to state a material fact necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading, and (d) a Continuing Disclosure Certificate substantially in the form appearing as Appendix C to the Preliminary Official Statement.

The City has not contracted for the issuance of any policy of municipal bond insurance for the Bonds. If the Bonds qualify for issuance of any such policy or commitment therefor, any purchase of such insurance or commitment shall be at the sole option and expense of the bidder. Proposals shall not be conditioned upon the issuance of any such policy or commitment. Any failure of the Bonds to be so insured or of any such policy or commitment to be issued shall not in any way relieve the Successful Bidder of its contractual obligations arising from the acceptance of its proposal for the purchase of the Bonds. Should the Successful Bidder purchase municipal bond insurance, all expenses associated with such policy or commitment will be borne by the Successful Bidder, except for the fees paid to Fitch Ratings, Moody's Investors Service and S&P Global Ratings for ratings on the Bonds. Any such fees paid to Fitch Ratings, Moody's Investors Service and S&P Global Ratings would be borne by the City.

Establishment of Issue Price

The Successful Bidder shall assist the City in establishing the issue price of the Bonds and shall execute and deliver to the City on the Closing Date an "issue price" or similar certificate, substantially in the applicable form set forth in Exhibit 1 to this Notice of Sale, setting forth the reasonably expected initial offering prices to the public or the sales price of the Bonds together with the supporting pricing wires or equivalent communications, or, if applicable, the amount bid, with such modifications as may be appropriate or necessary, in the reasonable judgment of the Successful Bidder, the City and Bond Counsel. All actions to be taken by the City under this Notice of Sale to establish the issue price of the Bonds may be taken on behalf of the City by Government Finance Group LLC (the "Municipal Advisor") and any notice or report to be provided to the City may be provided to the Municipal Advisor.

Competitive Sale Requirements. If the competitive sale requirements ("competitive sale requirements") set forth in Treasury Regulation § 1.148-1(f)(3)(i) (defining "competitive sale" for purposes of establishing the issue price of the Bonds) have been satisfied, the City will furnish to the Successful Bidder on the Closing Date a certificate of the Municipal Advisor, which will certify each of the following conditions to be true:

1. the City has disseminated this Notice of Sale to potential underwriters in a manner that is reasonably designed to reach potential underwriters;
2. all bidders had an equal opportunity to bid;
3. the City received bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and
4. the City awarded the sale of the Bonds to the bidder who submitted a firm offer to purchase the Bonds at the highest price (or lowest interest cost), as set forth in this Notice of Sale.

Any bid submitted pursuant to this Notice of Sale shall be considered a firm offer for the purchase of the Bonds, as specified in the bid. Unless a bidder notifies the City prior to submitting its bid by contacting the Municipal Advisor at 703-863-3737 and affirming in writing via email (ikrause@gfgconsult.com), or in its bid submitted via Parity, that it will not be an "underwriter" (as defined below) of the Bonds, by submitting its bid, each bidder shall be deemed to confirm that it has an established industry reputation for underwriting new issuances of municipal bonds. Unless the bidder has notified the City that it will not be an "underwriter" (as defined below) of the Bonds, in submitting a bid, each bidder is deemed to acknowledge that it is an "underwriter" that intends to reoffer the Bonds to the public.

In the event that the competitive sale requirements are not satisfied, the City shall so advise the Successful Bidder. In this event, the Successful Bidder may use either Option A, Option B or Option C set forth herein.

Failure to Meet the Competitive Sale Requirements – Option A – The Successful Bidder Intends to Reoffer the Bonds to the Public and the 10% Test to Apply. If the competitive sale requirements are not satisfied and the Successful Bidder intends to reoffer the Bonds to the public, the Successful Bidder may, at its option, use the first price at which 10% of a maturity of the Bonds (the "10% Test") is sold to the public as the issue price of that maturity, applied on a maturity-by-

maturity basis, of the Bonds. The Successful Bidder shall advise the Municipal Advisor if any maturity of the Bonds satisfies the 10% Test as of the date and time of the award of the Bonds.

If the competitive sale requirements are not satisfied, then until the 10% Test has been satisfied as to each maturity of the Bonds or all of the Bonds are sold to the public, the Successful Bidder agrees to promptly report to the Municipal Advisor the prices at which the unsold Bonds of each maturity have been sold to the public, which reporting obligation shall continue, whether or not the Closing Date has occurred, until the 10% Test has been satisfied for each maturity of the Bonds or until all the Bonds of a maturity have been sold. The Successful Bidder shall be obligated to report each sale of Bonds to the Municipal Advisor until notified in writing by the City or the Municipal Advisor that it no longer needs to do so. If the Successful Bidder uses Option A, the Successful Bidder shall provide to the City on or before the Closing Date, a certificate substantially in the form attached to this Notice of Sale as Exhibit 1—Option A.

By submitting a bid and if the competitive sale requirements are not met, each bidder confirms that: (i) any agreement among underwriters, any selling group agreement and each third-party distribution agreement (to which the bidder is a party) relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such third-party distribution agreement, as applicable, to report the prices at which it sells to the public the unsold Bonds of each maturity allotted to it until it is notified by the Successful Bidder that either the 10% Test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the public, if and for so long as directed by the Successful Bidder and as set forth in the related pricing wires and (ii) any agreement among underwriters relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Bonds to the public to require each broker-dealer that is a party to such third-party distribution agreement to report the prices at which it sells to the public the unsold Bonds of each maturity allotted to it until it is notified by the Successful Bidder or such underwriter that either the 10% Test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the public if and for so long as directed by the Successful Bidder or such underwriter and as set forth in the related pricing wires.

Sales of the Bonds to any person that is a related party to an underwriter shall not constitute sales to the public for purposes of this Notice of Sale. Further, for purposes of this Notice of Sale:

1. “public” means any person other than an underwriter or a related party,
2. “underwriter” means (A) any person, including the Successful Bidder, that agrees pursuant to a written contract with the City (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Bonds to the public), and
3. a purchaser of any of the Bonds is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (i) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other).

Failure to Meet the Competitive Sale Requirements – Option B – The Successful Bidder Intends to Reoffer the Bonds to the Public and Agrees to Hold the Price of the Maturities of Bonds for Which the 10% Test in Option A Is Not Met as of the Sale Date. The Successful Bidder may, at its option, notify the Municipal Advisor in writing, which may be by email (the “Hold the Price Notice”), not later than 4:00 p.m. on the Sale Date, that it has not sold 10% of the maturities of the Bonds listed in the Hold the Price Notice (the “Unsold Maturities”) and that the Successful Bidder will not offer the Unsold Maturities to any person at a price that is higher than the initial offering price to the public during the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date or (ii) the date on which the Successful Bidder has sold at least 10% of the applicable Unsold Maturity to the public at a price that is no higher than the initial offering price to the public. If the Successful Bidder delivers a Hold the Price Notice to the Municipal Advisor, the Successful Bidder must provide to the City on or before the Closing Date, in addition to the certification described in Exhibit 1, a certificate substantially in the form attached to this Notice of Sale as Exhibit 1—Option B with evidence that each underwriter of the

Bonds, including underwriters in an underwriting syndicate or selling group, has agreed in writing to hold the price of the Unsold Maturities in the manner described in the preceding sentence.

Failure to Meet the Competitive Sale Requirements and/or the Successful Bidder Does Not Intend to Reoffer the Bonds to the Public – Option C. If the Successful Bidder has purchased the Bonds for its own account and will not distribute, reoffer or resell the Bonds to the public, then, whether or not the competitive sale requirements were met, the issue price certificate will recite such facts and identify the price or prices at which the purchase of the Bonds was made.

Other Matters

It is anticipated that CUSIP identification numbers will be printed on the Bonds, but neither the failure to print such numbers on any Bond nor any error with respect thereto shall constitute cause for failure or refusal by the Successful Bidder to accept delivery of and pay for the Bonds in accordance with the terms of its bid. The City assumes no responsibility for any CUSIP Service Bureau or other charge that may be imposed for the assignment of such numbers. The Successful Bidder will be responsible for the cost of the CUSIPs.

The Bonds will not be designated as “qualified tax-exempt obligations” for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986 as amended.

In order to assist bidders in complying with Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission, the City will undertake to provide annual reports and notices of certain significant events. A description of this undertaking is set forth in the Preliminary Official Statement.

Additional information concerning the City and the Bonds is contained in the Preliminary Official Statement dated February 20, 2026, to which prospective bidders are directed. The Preliminary Official Statement is provided for informational purposes only and is not a part of this Notice of Sale. Said Preliminary Official Statement is deemed final by the City except for the omission of the reoffering price(s), interest rate(s), delivery date, the identity of the underwriter(s), and any other pertinent terms of the Bonds depending on such matters, but is subject to change without notice to completion or amendment in a Final Official Statement. Copies of the Preliminary Official Statement may be obtained from Government Finance Group LLC, 2306 Wilkinson Place, Alexandria, Virginia, 22306 (Telephone: 703-863-3737). Within seven (7) business days following the award of the Bonds in accordance herewith, an electronic version of the Final Official Statement will be available from Government Finance Group LLC to the Successful Bidder for use in reoffering the Bonds.

The Bonds in definitive form will be delivered to The Depository Trust Company or its custodial agent on or about March 18, 2026 for settlement in federal funds.

Right to Modify or Amend Official Notice of Sale – The City reserves the right to modify or amend this Official Notice of Sale, including changing the scheduled maturities or increasing or reducing the aggregate principal amount of the Bonds and the principal amount of any maturity offered for sale, prior to the bid date. If any modifications occur, supplemental information with respect to the Bonds will be communicated via TM3 and Parity not later than 5:00 p.m., Eastern Time, on the day preceding the day designated for the receipt of bids, and bidders shall bid upon the Bonds based upon the terms thereof set forth in this Official Notice of Sale as so modified.

CITY OF CAMBRIDGE, MASSACHUSETTS
/s/ Claire Spinner, Assistant City Manager for Fiscal Affairs

February 20, 2026

EXHIBIT 1

[Issue Price Certificate for Use If the Competitive Sale Requirements Are Met]

City of Cambridge, Massachusetts

\$162,810,000* General Obligation Municipal Purpose Loan of 2026 Bonds, dated March 18, 2026

ISSUE PRICE CERTIFICATE AND RECEIPT

The undersigned, on behalf of _____ (the "Successful Bidder"), hereby certifies as set forth below with respect to the sale of the above-captioned obligations (the "Bonds") of the City of Cambridge, Massachusetts (the "Issuer").

1. Reasonably Expected Initial Offering Prices.

- (a) As of the Sale Date, the reasonably expected initial offering prices of the Bonds to the Public by the Successful Bidder are the prices listed in Schedule A (the "Expected Offering Prices"). The Expected Offering Prices are the prices for the Maturities of the Bonds used by the Successful Bidder in formulating its bid to purchase the Bonds. Attached as Schedule B is a true and correct copy of the bid provided by the Successful Bidder to purchase the Bonds.
- (b) The Successful Bidder was not given the opportunity to review other bids prior to submitting its bid.
- (c) The bid submitted by the Successful Bidder constituted a firm offer to purchase the Bonds.

2. Defined Terms.

- (a) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.
- (b) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term "related party" for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.
- (c) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is March 4, 2026.
- (d) *Underwriter* means (i) any person, including the Successful Bidder, that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Bonds to the Public).

3. **Receipt.** The Successful Bidder hereby acknowledges receipt of the Bonds and further acknowledges receipt of all certificates, opinions, and other documents required to be delivered to the Successful Bidder, before or simultaneously with the Bonds, which certificates, opinions, and other documents are satisfactory to the Successful Bidder.

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Successful Bidder's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by Troutman Pepper Locke LLP in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

Dated: _____, 2026

SUCCESSFUL BIDDER

By: _____
Name:
Title:

*Preliminary, subject to change.

SCHEDULE A
EXPECTED OFFERING PRICES
(To Be Attached)

SCHEDULE B
COPY OF SUCCESSFUL BIDDER'S BID
(To Be Attached)

**[Issue Price Certificate for Use If the Competitive Sale Requirements Are
Not Met and the 10% Test to Apply]**

**City of Cambridge, Massachusetts
\$162,810,000* General Obligation Municipal Purpose Loan of 2026 Bonds, dated March 18, 2026**

ISSUE PRICE CERTIFICATE AND RECEIPT

The undersigned, on behalf of _____, (the “Successful Bidder”), on behalf of itself [and [NAMES OF OTHER UNDERWRITERS]] hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the “Bonds”) of the City of Cambridge, Massachusetts (the “Issuer”).

1. Sale of the Bonds. As of the date of this certificate, [except as set forth in the following paragraph,] for each Maturity of the Bonds, the first price at which at least 10% of such Maturity of the Bonds was sold to the Public is the respective price listed in Schedule A.

[Only use the next paragraph if the 10% Test has not been met or all of the Bonds have not been sold for one or more Maturities of Bonds as of the Closing Date.]

For each Maturity of the Bonds as to which no price is listed in Schedule A, as set forth in the Notice of Sale for the Bonds, until at least 10% of each such Maturity of the Bonds is sold to the Public (the “10% Test”) or all of the Bonds are sold to the Public, the Successful Bidder agrees to promptly report to the Issuer’s financial advisor, Government Finance Group LLC (the “Financial Advisor”) the prices at which the unsold Bonds of each Maturity have been sold to the Public, which reporting obligation shall continue after the date hereof until the 10% Test has been satisfied for each Maturity of the Bonds or until all the Bonds of a Maturity have been sold. The Successful Bidder shall continue to report each sale of Bonds to the Financial Advisor until notified by email or in writing by the Issuer or the Financial Advisor that it no longer needs to do so.

2. Defined Terms.

- (a) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.
- (b) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.
- (c) *Underwriter* means (i) any person, including the Successful Bidder, that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Bonds to the Public).

3. Receipt. The Successful Bidder hereby acknowledges receipt of the Bonds and further acknowledges receipt of all certificates, opinions, and other documents required to be delivered to the Successful Bidder, before or simultaneously with the Bonds, which certificates, opinions, and other documents are satisfactory to the Successful Bidder.

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Successful Bidder’s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by Troutman Pepper Locke LLP in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

Dated: _____, 2026

SUCCESSFUL BIDDER

By: _____
Name:
Title:

*Preliminary, subject to change.

SCHEDULE A

**SALE PRICES
(To be Attached)**

[Issue Price Certificate for Use If the Competitive Sale Requirements Are Not Met and the Hold the Price Rule Is Used]

**City of Cambridge, Massachusetts
\$162,810,000* General Obligation Municipal Purpose Loan of 2026 Bonds, dated March 18, 2026**

ISSUE PRICE CERTIFICATE AND RECEIPT

The undersigned, on behalf of _____ (the “Successful Bidder”), on behalf of itself [and [NAMES OF OTHER UNDERWRITERS]]hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the “Bonds”) of the City of Cambridge, Massachusetts (the “Issuer”).

1. Sale of the Bonds. As of the date of this certificate, [except as set forth in the following paragraph,] for each Maturity of the Bonds, the first price at which at least 10% of such Maturity of the Bonds was sold to the Public is the respective price listed in Schedule A.

[Only use the next paragraph if the 10% Test has not been met as of the Sale Date.]

For each Maturity of the Bonds as to which no price is listed in Schedule A (the “Unsold Maturities”), as set forth in the Notice of Sale for the Bonds, the Successful Bidder and any other Underwriter did not [and will not] reoffer the Unsold Maturities to any person at a price that is higher than the initial offering price to the Public until the earlier of (i) _____, 2026 or (ii) the date on which the Successful Bidder or any other Underwriter sold at least 10% of each Unsold Maturity at a price that is no higher than the initial offering price to the Public.

2. Defined Terms.

- (a) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.
- (b) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.
- (c) *Underwriter* means (i) any person, including the Successful Bidder, that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Bonds to the Public).

3. Receipt. The Successful Bidder hereby acknowledges receipt from the Issuer of the Bonds and further acknowledges receipt of all certificates, opinions and other documents required to be delivered to the Successful Bidder, before or simultaneously with the delivery of such Bonds, which certificates, opinions and other documents are satisfactory to the Successful Bidder.

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Successful Bidder’s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by Troutman Pepper Locke LLP in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

Dated: _____, 2026

SUCCESSFUL BIDDER

By: _____
Name:
Title:

*Preliminary, subject to change.

SCHEDULE A
SALE PRICES
(To be Attached)

OFFICIAL STATEMENT
CITY OF CAMBRIDGE, MASSACHUSETTS

\$144,420,000 GENERAL OBLIGATION MUNICIPAL PURPOSE LOAN OF 2026 BONDS

This Official Statement is provided for the purpose of presenting certain information relating to the City of Cambridge, Massachusetts (the "City" or "Cambridge"), in connection with the sale of \$144,420,000 aggregate principal amount of its General Obligation Municipal Purpose Loan of 2026 Bonds (the "Bonds"). The information contained herein has been furnished by the City, except for any information attributed to another source.

THE BONDS

Description of the Bonds

The Bonds will be dated their date of delivery and will bear interest payable commencing August 15, 2026 and semiannually thereafter on February 15 and August 15 until maturity. The Bonds will mature on February 15 of the years and in the principal amounts as set forth on the cover page of this Official Statement.

The Bonds are issuable only in fully registered form, registered in the name of Cede & Co., as Bondowner and nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Bonds. Purchases of the Bonds will be made in book-entry form, in the denomination of \$5,000 or any integral multiple thereof. Purchasers will not receive certificates representing their interests in Bonds purchased. So long as Cede & Co. is the Bondowner, as nominee of DTC, references herein to the Bondowners or Registered Owners shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners (as defined herein) of the Bonds. (See "THE BONDS - Book-Entry Transfer System" herein.)

Principal of and semiannual interest on the Bonds will be paid by U.S. Bank Trust Company, National Association, Boston, Massachusetts, or its successor, as Paying Agent. So long as DTC or its nominee, Cede & Co., is the Bondowner, such payments will be made directly to such Bondowner. Disbursement of such payments to the DTC Participants is the responsibility of DTC and disbursement of such payments to the Beneficial Owners is the responsibility of the DTC Participants and the Indirect Participants, as more fully described herein.

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

Record Date

The record date for each payment of interest on the Bonds (the "Record Date") is the last business day of the month preceding the interest payment date provided that, under certain circumstances, the Paying Agent may establish a special record date. The special record date may not be more than twenty (20) days before the date set for payment. The Paying Agent will mail notice of a special record date to the Bondowners at least ten (10) days before the special record date.

Book-Entry Transfer System

The Depository Trust Company ("DTC"), New York, New York will act as securities depository for the Bonds. The Bonds will be issued in fully-registered form registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One-fully registered certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's Participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a rating of AA+

from S&P Global Ratings. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

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

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

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

Redemption notices shall be sent to DTC. If less than all of the Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in the Bonds to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to securities deposited with DTC unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the issuer of such securities or its paying agent as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts such securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on securities deposited with DTC will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the issuer of such securities or its paying agent, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC (nor its nominee), the issuer of such securities or its paying agent, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the issuer of such securities or its paying agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to securities deposited with DTC at any time by giving reasonable notice to the issuer of such securities or its paying agent. Under such circumstances, in the event that a successor depository is not obtained, physical certificates are required to be printed and delivered to Beneficial Owners.

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

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

Authorization of the Bonds and Use of Proceeds

The following table sets forth the principal amounts to be issued, purposes, original amounts authorized, statutory authority, and dates of City approval, for the current offering of Bonds. Bond proceeds may be transferred or re-appropriated to other capital projects or otherwise as permitted by Chapter 44 of the General Laws and applicable Federal tax law.

The Bonds	Purpose	Original Bond Authorization	Statutory Authority M.G.L. c.44, s.	Dates of Authorization
\$ 3,740,000	The Port/Sewer and Stormwater (Area IV)	\$ 40,000,000	7(1)	5/21/2018
3,515,000	DPW Yard Improvements	10,000,000	7(1)	6/7/2021
1,055,000	Linear Park, Danehy and Grand Junction	15,000,000	7(1)	6/6/2022
9,450,000	The Port/Sewer and Stormwater (Area IV)	60,000,000	7(1)	6/6/2022
5,280,000	Fire Station Headquarter Construction	37,000,000	7(1)	6/6/2022
4,400,000	Tobin School Construction	49,000,000	7(1)	6/27/2022
3,865,000	Municipal Facilities Improvement Plan	35,350,000	7(1)	6/5/2023
7,035,000	Bike-Lanes Partial Build Mass Ave-Waterhouse to Alewife Brook Pw	50,000,000	7(1)	6/5/2023
4,395,000	Sewer/Stormwater-Capital Repairs Program	6,000,000	7(1)	6/5/2023
7,035,000	Fire Station Headquarter Construction	15,000,000	7(1)	6/3/2024
5,715,000	Complete Street Reconstruction	11,500,000	7(1)	6/3/2024
17,045,000	FY26 School Improvements	19,986,000	7(1)	6/2/2025
9,760,000	FY26 Municipal Facilities Improvement Plan	11,100,000	7(1)	6/2/2025
6,595,000	FY26 Open Space - Ahern Field Site Improvements	7,500,000	7(1)	6/2/2025
1,320,000	FY26 Parks Wilder-Lee, 359 Broadway	1,600,000	7(1)	6/2/2025
3,955,000	FY26 Complete Streets	16,500,000	7(1)	6/2/2025
440,000	Sewer/Stormwater - Climate Change	500,000	7(1)	6/2/2025
2,775,000	Sewer/Stormwater - Combined Sewer Overflow Program	3,000,000	7(7)	6/2/2025
47,045,000	Refunding		21A	5/8/2017
<u>\$ 144,420,000</u>				

As described above, a portion of the Bond proceeds will be used to current refund a portion of the City's (i) \$40,485,000 General Obligation Municipal Purpose Loan of 2012 Bonds dated February 15, 2012, maturing on February 15 in the years 2027 through 2032, inclusive, in the aggregate principal amount of \$3,150,000, (ii) \$65,260,000 General Obligation Municipal Purpose Loan of 2013 Bonds dated February 26, 2013, maturing on February 15 in the years 2027 through 2033, inclusive, in the aggregate principal amount of \$12,955,000, (iii) \$34,900,000 General Obligation Municipal Purpose Loan of 2014 Bonds dated February 25, 2014, maturing on February 15 in the years 2027 through 2034, inclusive, in the aggregate principal amount of \$7,400,000, (iv) \$75,465,000 General Obligation Municipal Purpose Loan of 2015 Bonds, Series A, dated March 19, 2015, maturing on February 15 in the years 2027 through 2035, inclusive, in the aggregate principal amount of \$18,450,000, (v) \$38,105,000 General Obligation Refunding Bonds, Series B, dated March 19, 2015, maturing on January 1 in the years 2027 through 2028, inclusive, in the aggregate principal amount of \$4,765,000, and (vi) \$34,990,000 General Obligation Municipal Purpose Loan of 2016 Bonds dated March 8, 2016, maturing on February 15 in the years 2027 through 2036, inclusive, in the aggregate principal amount of \$5,500,000, (collectively, the "Refunded Bonds"), and to pay costs of issuing the Bonds. See Appendix D to this Official Statement.

Sources and Uses of Bond Proceeds

Proceeds of the Bonds will be applied as follows:

SOURCES:	
Par Amount of the Bonds	\$ 144,420,000.00
Original Issue Premium	19,071,809.10
Total Sources	<u>\$ 163,491,809.10</u>

USES:	
Deposit to Refunding Escrow Fund	\$ 52,354,547.22
Project Fund Deposit	110,586,000.00
Underwriter's Discount	83,763.60
Cost of Issuance	465,000.00
Rounding Amount	2,498.28
Total Uses	<u>\$ 163,491,809.10</u>

Plan of Refunding

A portion of the proceeds of the Bonds will be used to refund the Refunded Bonds and pay the costs of issuance of the Bonds. Upon delivery of the Bonds, the City will enter into a Refunding Escrow Agreement (the "Refunding Escrow Agreement") with U.S. Bank Trust Company, National Association, as Refunding Escrow Agent (the "Refunding Escrow Agent"), to provide for the refunding of the Refunded Bonds. Upon receipt of the portion of the proceeds of the Bonds to be used to refund the Refunded Bonds in an aggregate amount necessary to refund the Refunded Bonds, the Refunding Escrow Agent will deposit such moneys in a separate account established for the Refunded Bonds within a refunding escrow fund (the "Refunding Escrow Fund") established under the Refunding Escrow Agreement. Such moneys in the Refunding Escrow Fund will be applied in accordance with the Refunding Escrow Agreement to redeem the outstanding principal amount of the Refunded Bonds, plus accrued interest thereon (the "Redemption Price"), on the applicable redemption date of the Refunded Bonds (the "Redemption Date"). The Refunding Escrow Agent will, as directed in the Refunding Escrow Agreement, purchase a portfolio of United States Treasury Securities - State and Local Government Series (SLGS) securities, depositing the same into the applicable account within the Refunding Escrow Fund, the maturing principal of and interest on which will be sufficient (with any moneys held by the Refunding Escrow Agent uninvested) to pay the Redemption Price of the refunded Bonds on the applicable Redemption Date. See "THE BONDS - Authorization of the Bonds and Use of Proceeds" and "Sources and Uses of Bond Proceeds" above.

Tax Exemption

In the opinion of Troutman Pepper Locke LLP, Bond Counsel to the City ("Bond Counsel"), based upon an analysis of existing laws, regulations, rulings, and court decisions, and assuming, among other matters, compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). Bond Counsel is of the further opinion that interest on the Bonds will not be included in computing the alternative minimum taxable income of Bondholders who are individuals. However, interest on the Bonds will be included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. Bond Counsel expresses no opinion regarding any other federal tax consequences arising with respect to the ownership or disposition of, or the accrual or receipt of interest on the Bonds. The Bonds will not be designated as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code.

The Code imposes various requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Bonds. Failure to comply with these requirements may result in interest on the Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Bonds. The City has covenanted to comply with such requirements to ensure that interest on the Bonds will not be included in federal gross income. The opinion of Bond Counsel assumes compliance with these requirements.

Bond Counsel is also of the opinion that, under existing law, interest on the Bonds is exempt from Massachusetts personal income taxes, and the Bonds are exempt from Massachusetts personal property taxes. Bond Counsel has not opined as to

other Massachusetts tax consequences arising with respect to the Bonds. Prospective Bondholders should be aware, however, that the Bonds are included in the measure of Massachusetts estate and inheritance taxes, and the Bonds and the interest thereon are included in the measure of certain Massachusetts corporate excise and franchise taxes. Bond Counsel expresses no opinion as to the taxability of the Bonds or the income therefrom or any other tax consequences arising with respect to the Bonds under the laws of any state other than Massachusetts. A complete copy of the proposed form of opinion of Bond Counsel is set forth in Appendix B hereto.

To the extent the issue price of any maturity of the Bonds is less than the amount to be paid at maturity of such Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Bonds), the difference constitutes "original issue discount," the accrual of which, to the extent properly allocable to each owner thereof, is treated as interest on the Bonds which is excluded from gross income for federal income tax purposes and is exempt from Massachusetts personal income taxes. For this purpose, the issue price of a particular maturity of the Bonds is either the reasonably expected initial offering price to the public or the first price at which a substantial amount of such maturity of the Bonds is sold to the public, as applicable. The original issue discount with respect to any maturity of the Bonds accrues daily over the term to maturity of such Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Bonds. Bondholders should consult their own tax advisors with respect to the tax consequences of ownership of Bonds with original issue discount, including the treatment of purchasers who do not purchase such Bonds in the original offering to the public at the reasonably expected initial offering price or, if applicable, the first price at which a substantial amount of such Bonds is sold to the public.

Bonds purchased, whether at original issuance or otherwise, for an amount greater than the stated principal amount to be paid at maturity of such Bonds, or, in some cases, at the earlier redemption date of such Bonds ("Premium Bonds"), will be treated as having amortizable bond premium for federal income tax purposes and Massachusetts personal income tax purposes. No deduction is allowable for the amortizable bond premium in the case of obligations, such as the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, a Bondholder's basis in a Premium Bond will be reduced by the amount of amortizable bond premium properly allocable to such Bondholder. Holders of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Bonds may adversely affect the value of, or the tax status of interest on, the Bonds.

Although Bond Counsel is of the opinion that interest on the Bonds is excluded from gross income for federal income tax purposes and is exempt from Massachusetts personal income taxes, the ownership or disposition of, or the accrual or receipt of interest on, the Bonds may otherwise affect the federal or state tax liability of a Bondholder. Among other possible consequences of ownership or disposition of, or the accrual or receipt of interest on, the Bonds, the Code requires recipients of certain social security and certain railroad retirement benefits to take into account receipts or accruals of interest on the Bonds in determining the portion of such benefits that are included in gross income. The nature and extent of all such other tax consequences will depend upon the particular tax status of the Bondholder or the Bondholder's other items of income, deduction, or exclusion. Bond Counsel expresses no opinion regarding any such other tax consequences, and Bondholders should consult with their own tax advisors with respect to such consequences.

Risk of Future Legislative Changes and/or Court Decisions

Legislation affecting tax-exempt obligations is regularly considered by the United States Congress and may also be considered by the Massachusetts legislature. Court proceedings may also be filed, the outcome of which could modify the tax treatment of obligations such as the Bonds. There can be no assurance that legislation enacted or proposed, or actions by a court, after the date of issuance of the Bonds will not have an adverse effect on the tax status of interest on the Bonds or the market value or marketability of the Bonds. These adverse effects could result, for example, from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax), or repeal (or reduction in the benefit) of the exclusion of interest on the Bonds from gross income for federal or state income tax purposes for all or certain taxpayers.

Additionally, Bondholders should be aware that future legislative actions (including federal income tax reform) may retroactively change the treatment of all or a portion of the interest on the Bonds for federal income tax purposes for all or certain taxpayers. In all such events, the market value of the Bonds may be affected and the ability of Bondholders to sell their Bonds in the secondary market may be reduced. The Bonds are not subject to special mandatory redemption, and the

interest rates on the Bonds are not subject to adjustment, in the event of any such change in the tax treatment of interest on the Bonds.

Investors should consult their own financial and tax advisors to analyze the importance of these risks.

Ratings

Fitch Ratings, Moody's Investors Service, Inc. and S&P Global Ratings have assigned ratings of AAA, Aaa and AAA, respectively, to the Bonds. Said ratings reflect only the respective rating agency's views and are subject to revision or withdrawal, which could affect the price and marketability of the Bonds.

Security and Remedies

Full Faith and Credit. General obligation bonds and notes of a Massachusetts city or town constitute a pledge of its full faith and credit. Payment is not limited to a particular fund or revenue source. Except for "qualified bonds" as described below (see "TYPES OF OBLIGATIONS - Serial Bonds and Notes" under "INDEBTEDNESS" below) and setoffs of state distributions as described below (see "State Distributions" below), no provision is made by the Massachusetts statutes for priorities among bonds and notes and other general obligations, although the use of certain moneys may be restricted.

Tax Levy. The Massachusetts statutes direct the municipal assessors to include annually in the tax levy for the next fiscal year "all debt and interest charges matured and maturing during the next fiscal year and not otherwise provided for [and] all amounts necessary to satisfy final judgments." Specific provision is also made for including in the next tax levy payment of rebate amounts not otherwise provided for and payment of notes in anticipation of federal or state aid if the aid is no longer forthcoming.

The total amount of a tax levy is limited by statute. However, the voters in each municipality may vote to exclude from the limitation any amounts required to pay debt service on indebtedness incurred before November 4, 1980. Local voters may also vote to exempt specific subsequent bond issues from the limitation. (See "Tax Limitations" under "PROPERTY TAXATION" below.) In addition, obligations incurred before November 4, 1980 may be constitutionally entitled to payment from taxes in excess of the statutory limit.

No Lien. Except for taxes on the increased value of certain property in designated development districts which may be pledged for the payment of debt service on bonds issued to finance economic development projects within such districts, no provision is made for a lien on any portion of the tax levy or any other moneys to secure particular bonds or notes or bonds and notes generally (or judgments on bonds or notes) in priority to other claims. Provision is made, however, for borrowing to pay judgments, subject to the General Debt Limit. (See "DEBT LIMITS" below.) Upon certification by the city solicitor or town council that no appeal can or will be taken, or as otherwise required by a municipality's charter, ordinances or bylaws, judgments may also be paid from available funds without appropriation and included in the next tax levy unless other provision is made. Any such payments shall be reported to the city or town's assessors by the city or town's auditor or accountant (or other officer having similar duties). The assessors shall include amounts of such payments in the aggregate appropriations assessed in the determination of the next subsequent annual tax rate.

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

Restricted Funds Massachusetts statutes also provide that certain water, gas and electric, community antenna television system, telecommunications, sewer, parking meter, passenger ferry fee, community preservation and affordable housing receipts may be used only for water, gas and electric, community antenna television system, telecommunications, sewer, parking, mitigation of ferry service impacts, community preservation and affordable housing and related purposes, respectively; accordingly, moneys derived from these sources may be unavailable to pay general obligation bonds and notes issued for other purposes. A city or town that accepts certain other statutory provisions may establish an enterprise fund for a utility, health care, solid waste, recreational or transportation facility and for police or fire services; under those provisions any surplus in the fund is restricted to use for capital expenditures or reduction of user charges for such activity. In addition, subject to certain limits, a city or town may annually authorize the establishment of one or more revolving funds in connection with use of certain revenues for

programs that produce those revenues; interest earned on a revolving fund is treated as general fund revenue. A city or town may also establish an energy revolving loan fund to provide loans to owners of privately held property in the city or town for certain energy conservation and renewable energy projects and may borrow to establish such fund. The loan repayments and interest earned on the investment of amounts in the fund shall be credited to the fund. Also, the annual allowance for depreciation of a gas and electric plant or a community antenna television and telecommunications system is restricted to use for plant or system renewals and improvements, for nuclear decommissioning costs, and costs of contractual commitments, or, with the approval of the State Department of Telecommunications and Energy, to pay debt incurred for plant or system reconstruction or renewals. Revenue bonds and notes issued in anticipation of them may be secured by a prior lien on specific revenues. Receipts from industrial users in connection with industrial revenue financings are also not available for general municipal purposes.

State Distributions. State grants and distributions may in some circumstances be unavailable to pay general obligation bonds and notes of a city or town in that the State Treasurer is empowered to deduct from such grants and distributions the amount of any debt service paid on “qualified bonds” (See “*Serial Bonds and Notes*” under “INDEBTEDNESS-TYPES OF OBLIGATIONS” below) and any other sums due and payable by the city or town to The Commonwealth of Massachusetts (the “Commonwealth”) or certain other public entities, including any unpaid assessments for costs of any public transportation authority (such as the Massachusetts Bay Transportation Authority (“MBTA”) or a regional transit authority) of which it is a member, for costs of the Massachusetts Water Resources Authority (“MWRA”) if the city or town is within the territory served by the MWRA, for any debt service due on obligations issued to the Massachusetts School Building Authority (“MSBA”), or for charges necessary to meet obligations under the Commonwealth’s Clean Water or Drinking Water Revolving Loan Programs, including such charges imposed by another local governmental unit that provides wastewater collection or treatment services or drinking water services to the city or town.

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

The foregoing does not constitute a pledge of the faith and credit of the Commonwealth. The Commonwealth has not agreed to maintain existing levels of state distributions, and the direction to use estimated distributions to pay debt service may be subject to repeal by future legislation. Moreover, adoption of the annual appropriation act has sometimes been delayed beyond the beginning of the fiscal year and estimated distributions which are subject to appropriation may be unavailable to pay local debt service until they are appropriated.

Bankruptcy. Enforcement of a claim for payment of principal or interest on general obligation bonds or notes would be subject to the applicable provisions of federal bankruptcy laws and to the provisions of other statutes, if any, hereafter enacted by the Congress or the Massachusetts legislature extending the time for payment or imposing other constraints upon enforcement insofar as the same may be constitutionally applied. Massachusetts municipalities are not generally authorized by the Massachusetts General Laws to file a petition for bankruptcy under federal bankruptcy laws. In cases involving significant financial difficulties faced by a single city, town or regional school district, however, the Commonwealth has enacted special legislation to permit the appointment of a fiscal overseer, finance control board or, in the most extreme cases, a state receiver. In a limited number of these situations, such special legislation has also authorized the filing of federal bankruptcy proceedings, with the prior approval of the Commonwealth. In each case where such authority was granted, it expired at the termination of the Commonwealth’s oversight of the financially distressed city, town or regional school district. To date, no such filings have been approved or made.

Bank Qualification

The Bonds will not be designated as “qualified tax-exempt obligations” for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

Opinion of Bond Counsel

The Successful Bidder will be furnished the legal opinion of the firm of Troutman Pepper Locke LLP, Boston, Massachusetts (“Bond Counsel”). The opinion will be dated and given on and will speak only as of the date of original delivery of the Bonds to the Successful Bidder. The opinion will be substantially in the form presented in Appendix B.

Other than as to matters expressly set forth herein as the opinion of Bond Counsel, Bond Counsel is not passing upon and do not assume any responsibility for the accuracy or adequacy of the statements made in this Official Statement and make no representation that they have independently verified the same.

Municipal Advisory Services of Government Finance Group LLC

Government Finance Group LLC, Alexandria, Virginia, is employed as the independent Municipal Advisor to the City in connection with the issuance of the Bonds.

Continuing Disclosure

In order to assist the Underwriters, in complying with Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission, as amended (the "Rule"), the City will covenant for the benefit of owners of the Bonds to provide certain financial information and operating data relating to the City by not later than 270 days after the end of each fiscal year (the "Annual Report"), and to provide notices of the occurrence of certain significant events. Other than the City, there are no other obligated persons with respect to the Bonds within the meaning of the Rule. The covenants will be contained in a Continuing Disclosure Certificate, the proposed form of which is provided in Appendix C. The Certificate will be executed by the signers of the Bonds, and incorporated by reference in the Bonds.

CITY OF CAMBRIDGE, MASSACHUSETTS

General

The City of Cambridge, Massachusetts (the “City” or “Cambridge”) is located in southeast Middlesex County across the Charles River from the City of Boston. The City is bordered by the Towns of Watertown and Belmont on the west and the Town of Arlington and the City of Somerville on the north, and occupies a land area of 6.26 square miles. The City’s population is 118,403, based upon the 2020 Federal Census.

Cambridge, first settled in 1630 by a group from the Massachusetts Bay Company, was originally incorporated as a town in 1636 and became a city in 1846. Since 1942, the City has operated under a Council-Manager form of government. The legislature and policy making body of the City is the nine-member City Council whose members are elected at-large for two-year terms. The Council elects a Mayor and Vice-Mayor from among its members with the Mayor serving as Chairperson of the School Committee.

The City Manager is the chief executive and administrative officer and carries out the policies of the City Council. With the assistance of the Deputy City Manager and three Assistant City Managers, he coordinates the functions of 34 municipal departments responsible for the delivery of service to residents. The City Manager is appointed by the City Council and serves at the pleasure of the City Council.

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

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

PRINCIPAL ELECTED OFFICIALS

The following are the nine members of the City Council elected for two-year terms ending December 31, 2027:

Name

Sumbul Siddiqui, Mayor
Marc C. McGovern
Burhan Azeem
Patricia M. Nolan
E. Denise Simmons
Jivan Sobrinho-Wheeler
Timothy R. Flaherty
Ayah Al-Zubi
Catherine Zusy

The following are the six members of the School Committee elected for two-year terms ending December 31, 2027 (the Mayor serves as Chairperson of the School Committee):

Name

Sumbul Siddiqui, Chair
Luisa de Paula Santos
Richard Harding Jr.
Elizabeth Hudson
Caitlin E. Dube
David Weinstein
Arjun Kent Jaikumar

PRINCIPAL EXECUTIVE OFFICERS

Yi-An Huang, City Manager since September 2022.

Mr. Huang previously spent nine years at Boston Medical Center Health System where he held leadership roles across strategy, clinical operations, and analytics. Most recently he served as Executive Director of Clinical Operations, and Chief Transformation Officer of BMC Health Plan. He previously has worked in global health and development, and strategy consulting. Mr. Huang has a Masters in Business Administration from Harvard Business School and a B.A. in Economics from Harvard College.

Kathy Watkins, Deputy City Manager since July 2025

Ms. Watkins previously served as Commissioner of Public Works from December 2022 to 2025 and as Assistant Commissioner of Engineering from 2014 to 2025. Prior to that she held numerous other positions with the City of Cambridge and with the Federal Highway Administration. She holds a Bachelor of Civil Engineering degree and Master of Civil Engineering degree from the University of Pittsburgh. Ms. Watkins is a registered Professional Engineer in Massachusetts.

Melissa Peters, Assistant City Manager for Community Development since January 2025.

Ms. Peters previously served as the Chief of Planning Strategy and Director of Community Planning for the Community Development Department. She holds dual Bachelor degrees in Political Science and Environmental and Development Policy from Lake Forest College and a Masters in Urban and Environmental Policy and Planning from Tufts University where she teaches graduate courses on urban planning. She is an AICP certified planner and has served on the board of the Massachusetts chapter of the American Planning Association.

Claire Spinner, Assistant City Manager for Fiscal Affairs and Treasurer/Collector since January 2024.

Ms. Spinner previously served as the Chief Financial Officer for the Cambridge Public Schools from 2008 to 2023 and as Director of Financial Systems and Operations for the City of Cambridge from 2002 to 2008. She holds a Bachelor of Arts degree from Texas Tech University and a Master of Public Affairs from the Lyndon B. Johnson School of Public Affairs, The University of Texas at Austin.

Taha Jennings, Budget Director since August 2018

Mr. Jennings previously served as Assistant to the City Manager from 2014 to 2018 and as Project Planner and Neighborhood Planner in the City's Community Development Department from 2002 to 2014. He holds a Bachelor of Arts degree in Urban Studies, as well as a Masters degree in City and Regional Planning from Rutgers University.

Michele Kincaid, Assistant Finance Director since August 2008.

Ms. Kincaid previously served in the Auditing Department from 1998 to 2008. Ms. Kincaid holds a Bachelor of Science degree in Accounting from Bentley College.

Ellen M. Semonoff, Assistant City Manager for Human Services since August 2004.

Ms. Semonoff previously served as Acting Assistant City Manager for Human Services from December, 2003 to August, 2004, as Deputy Director of the Department of Human Service Programs from 1995 to 2003 and as Assistant to the City Manager from 1991 to 1995. She holds a Bachelor of Arts degree from Brandeis University and a Doctor of Jurisprudence degree from Harvard Law School.

Megan Bayer, City Solicitor since August 2024.

Ms. Bayer previously served as Deputy City Solicitor from May 2022 to September 2023, as First Assistant City Solicitor from May 2021 to May 2022, and as an Assistant City Solicitor from 2017 to 2021. Prior to that she worked at a private law firm that specializes in municipal law from 2007 to 2017. She holds a Bachelor of Arts degree from Clark University and Doctor of Jurisprudence from Suffolk University Law School.

Paula Crane, Acting City Clerk since July 2025.

Ms. Crane has completed more than thirty years of dedicated service to the City. She has risen through the ranks in the City Clerk's Department during her tenure, from Principal Clerk to Deputy City Clerk and now Acting City Clerk. Ms. Crane has been a pillar of stability in the City Clerk's office managing official records, supporting City Council operations, and serving as a liaison between the public and City Administration.

Joseph McCann, City Auditor since June 2022

Joseph McCann was appointed City Auditor on June 1, 2022 after joining the City in September 2021 as Financial Reporting Manager. As the City's Auditor Mr. McCann is responsible for all accounting activities throughout the City and administering the City's internal controls and financial reporting efforts. Prior to joining the City, Mr. McCann held various financial positions in quasi-government and government entities of the Commonwealth. Mr. McCann is licensed in the Commonwealth as a Certified Public Accountant and holds a B.S. degree from Northeastern University.

David Murphy, Superintendent of the Cambridge Public Schools since September 2024.

Mr. Murphy joined CPS in January 2023 as Chief Operating Officer. Prior to coming to CPS, Mr. Murphy served in several school district leadership positions, including Assistant Superintendent of the Medford Public Schools, Deputy Superintendent and Chief of Staff of the Boston Public Schools, and Chairperson of the Attleboro School Committee. With over a decade of school district leadership experience, Mr. Murphy has worked extensively in the areas of strategic planning, collective bargaining, school budgeting, capital projects and long-term planning. Mr. Murphy earned his Bachelor of Arts degree in American Studies from Fordham University and his law degree cum laude from Boston College Law School.

Municipal Services and Facilities

The City provides general governmental services for the territory within its boundaries, including police and fire protection, collection and disposal of garbage and rubbish, public education in grades kindergarten through twelve, water and sewer services, parks and recreation, health and social services, libraries/culture, and maintenance of streets and highways. The Massachusetts Bay Transportation Authority ("MBTA") provides rapid transit service and bus coverage throughout the City with connections to the Metropolitan Boston area. The Massachusetts Water Resources Authority ("MWRA") provides sewerage disposal services to the City. The Cambridge Housing Authority provides public housing for eligible low-income families, the elderly, and the handicapped.

Prior to July 1, 1997, Middlesex County provided space for courts, a jail, a house of correction, and a registry of deeds. Legislation was enacted in 1997 abolishing the county governments of Franklin and Middlesex Counties as of July 1, 1997, with their assets, functions, debts and other obligations being assumed by the Commonwealth. The abolishment of the Middlesex County government was in part in response to a default by the county in the payment of general obligation notes of the county. The legislation also abolished the county governments of Hampden and Worcester Counties as of July 1, 1998. Legislation enacted in 1998 abolished the county governments of Hampshire, Essex and Berkshire Counties as of January 1, 1999, July 1, 1999, and July 1, 2000, respectively. The legislation also requires the state secretary for administration and finance to establish a plan to recover the Commonwealth's expenditures for the liabilities and other debts assumed and paid by the Commonwealth on behalf of an abolished county. Unless these provisions are changed by further legislation, the state treasurer shall assess upon each city and town within the jurisdiction of an abolished county an amount not exceeding or equal to the county tax paid by each such city and town for the fiscal year immediately prior to the abolishment of the county (or two years prior in the case of Essex County) until such expenditures by the Commonwealth are recovered. It is possible that similar legislation will be sought to provide for the abolishment of county government in all the remaining counties.

The City's main municipal buildings include a City Hall, three general administrative buildings, a public works garage and headquarters building, and a water treatment facility located at the City's reservoir. There is one public safety facility (police headquarters and emergency communication center), nine fire stations, six area libraries, plus a main branch, approximately eighty parks and playground areas, a high school, twelve elementary schools, and four upper schools located throughout the City.

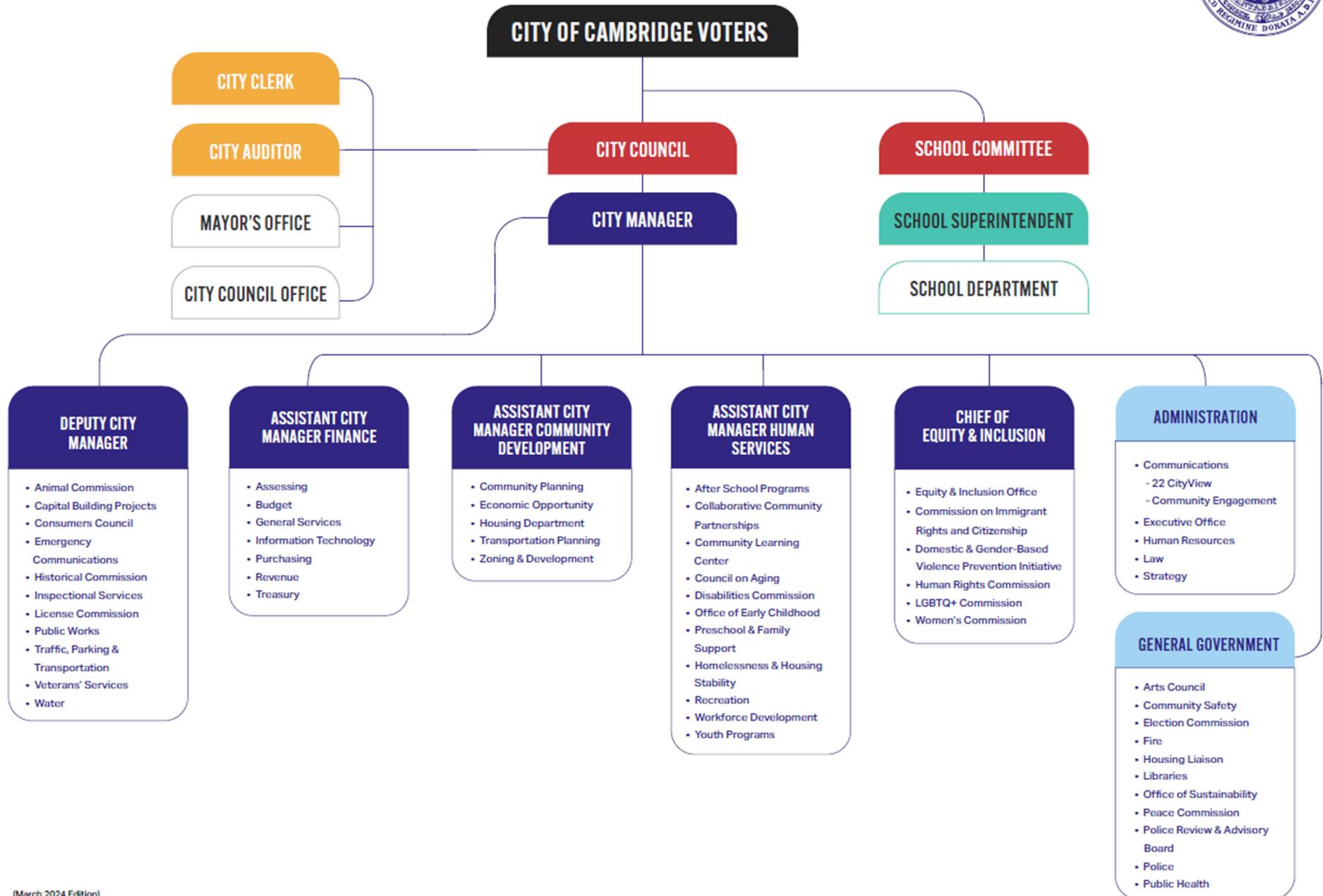
Other major recreational facilities provided by the City include a municipal golf course and club house, two community centers, outdoor and indoor swimming pools, tennis facilities, and a field house located at the high school.

Federal buildings located in the City include offices for the Department of Transportation. Also, in connection with Harvard University, the Smithsonian Astrophysical Observatory is located in the City.

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

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

CITY OF CAMBRIDGE
ORGANIZATIONAL CHART



THE CAMBRIDGE ECONOMY

Economic Summary

- According to the Massachusetts Executive Office of Labor and Workforce Development, 2024 employment averaged 151,251 jobs, with private sector employment comprising 95.2% of the total.
- Cambridge continues to maintain a high job to resident ratio, with 1.25 jobs for each resident compared to the estimated 2024 population.
- Professional and Business Services leads the way among employment sectors, followed by Education and Health Services.
- Led by Harvard University and MIT, the higher education sector continues to drive the job market with over 23,000 workers employed throughout the City.
- Biotechnology and pharmaceutical employment remains over 41,000 workers as of the Q2 2024.
- Cambridge's September 2025 seasonally unadjusted unemployment rate of 3.8% remains lower than the Boston primary metropolitan statistical area (PMSA), Massachusetts, and US averages.
- Cambridge's per capita personal income of \$100,534 for 2023, as reported by the Bureau of Economic Affairs is about even with that of the Boston region, and higher than that of both Massachusetts and the US.
- FY25 building permits totaled \$1.4 billion, yielding \$31 million in building permit revenue.
- From 2021 through the third quarter of 2025, the inventory of commercial real estate grew, adding 4.8 million square feet (sq. ft.). Another 1.6 million sq. ft. is currently under construction or fully permitted. An additional 1.6 million sq. ft. of development has all necessary zoning approvals and awaits building permits.

Employment Stability

- Cambridge continues to have a high ratio of jobs to residents, enjoying its position as a center of employment in the Boston area.
- Based on the 2024 Census Population Estimates Program population and 2024 average employment, the City's employment ratio is 125 jobs per 100 residents.
- The employment base extends across a diverse range of businesses, including higher education, research and development, consulting, and health services.
- The number of jobs in Cambridge decreased by 8.3% between 2023 and the second quarter of 2025. Massachusetts overall saw a 0.6% increase during the same period.

Industry and Commerce

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

The following table lists the major categories of employment with payrolls in the City.

Industry	Calendar Year Average									
	2020		2021		2022		2023		2025 Q2	
Natural Resources and Mining	3	0.0%	2	0.0%	3	0.0%	4	0.0%	3	0.0%
Trade, Transportation and Utilities	9,108	6.9%	9,569	6.9%	10,524	7.0%	8,241	5.4%	7,899	5.7%
Construction	775	0.6%	816	0.6%	928	0.6%	761	0.5%	666	0.5%
Manufacturing	2,483	1.9%	2,482	1.8%	2,576	1.7%	2,625	1.7%	2,691	1.9%
Information	7,604	5.7%	7,709	5.6%	9,760	6.5%	11,303	7.4%	9,278	6.7%
Financial Activities	3,866	2.9%	4,315	3.1%	4,541	3.0%	3,960	2.6%	3,471	2.5%
Professional and Business Services	56,176	42.3%	59,411	42.8%	64,356	43.1%	64,866	42.7%	53,763	38.6%
Education and Health Services	41,779	31.5%	42,872	30.9%	43,118	28.9%	41,291	27.2%	42,403	30.4%
Leisure and Hospitality	6,204	4.7%	6,898	5.0%	8,982	6.0%	9,644	6.3%	9,831	7.1%
Other Services	1,850	1.4%	2,081	1.5%	2,077	1.4%	2,072	1.4%	2,096	1.5%
Government	2,889	2.2%	2,504	1.8%	2,560	1.7%	7,177	4.7%	7,287	5.2%
Total Employment	132,737	100.0%	138,659	100.0%	149,425	100.0%	151,944	100.0%	139,388	100.0%

SOURCE: Massachusetts Executive Office of Labor and Workforce Development, 2025.

Principal Employers

- Higher education, biotechnology, and high tech are key business sectors for the City.
- Harvard University and MIT employ approximately 16% of the workforce. These institutions provide stability to the local economy and additional benefits for private employers located in Cambridge.
- Cambridge continues to be a leader in biotechnology and pharmaceuticals. The largest employers in this sector include Takeda Pharmaceuticals, Sanofi, Novartis, Biogen, and Alnylam Pharmaceuticals.
- Top employers in the high-tech sector include Google, Philips North America, and HubSpot.

Principal Public and Private Employers December 2025

2025 Rank	Employer	2025 Workers ¹	Business Line	2024 Workers	2024 Rank
1	Harvard University	13,583	Higher Education	13,630	1
2	Massachusetts Institute of Technology	9,507	Higher Education	9,301	2
3	Cambridge Innovation Center	5,342	Start Up Incubator	5,011	3
4	City of Cambridge	3,546	Government	3,700	4
5	Takeda Pharmaceuticals	3,291	Biotechnology	3,378	5
6	Sanofi	2,363	Biotechnology	2,294	7
7	Novartis	2,300	Biotechnology	2,184	8
8	Google	2,129	Software & Internet	2,100	9
9	Cambridge Health Alliance	1,986	Healthcare	1,962	10
10	Draper Laboratory	1,881	Research & Development	1,712	12
11	Broad Institute	1,852	Research & Development	3,316	6
12	Biogen	1,659	Biotechnology	1,659	13
13	Philips North America	1,600	Electronics & Health Technology	1,600	14
14	Alnylam Pharmaceuticals	1,487	Biotechnology	1,440	17
15	Hubspot	1,355	Software & Internet	1,735	11

Source: City of Cambridge, Community Development Department, and cited employers except as noted, 2025.

1. All figures collected between 8/25 and 12/25, unless otherwise noted. Employment at many Cambridge firms is dynamic, responding to changing market factors. Announcements affecting employment since the end of data collection are not factored into this table. All figures reflect employment within the City of Cambridge only. Whenever possible, totals are based on Full Time Equivalents (FTEs). Part time workers were counted as 0.5 FTEs, unless otherwise indicated by employer response.
2. The Cambridge Innovation Center (CIC) is a start-up incubator. The CIC houses employees from 702 firms .
3. City of Cambridge figures include School Department employees

Labor Force, Employment and Unemployment Rates

According to Massachusetts Executive Office of Labor and Workforce Development data, in November 2025, the City had a total residential labor force of 74,461 of which 71,504 were employed and 2,957 or 4.0% were unemployed as compared to 4.7% for the Commonwealth.

The table below sets forth recent trend in the City's average labor force, employment and unemployment rates for the following calendar years and also the unemployment rates for the Commonwealth and the United States.

ANNUAL UNEMPLOYMENT RATES

Year	City of Cambridge			Massachusetts Unemployment Rate	United States Unemployment Rate
	Labor Force	Employment	Unemployment Rate		
2025	74,461	71,504	4.0 %	4.7 %	4.4 %
2024	74,702	72,404	3.1	3.9	4.0
2023	73,437	71,582	2.5	3.5	3.7
2022	72,445	70,632	2.5	3.8	3.6
2021	71,468	68,962	3.5	5.7	5.4

SOURCE: Mass. Executive Office of Labor and Workforce Development, Federal Reserve Bank of Boston and U.S. Bureau of Labor Statistics. Data based upon place of residence, not place of employment. Monthly data are unadjusted.

Income Levels and Population Characteristics

The Bureau of Economic Analysis provides income figures computed using a variety of administrative sources covering various forms of income and transfer payments, as well as Census Bureau mid-year population estimates. Data for Cambridge is incorporated into the figures for the Cambridge-Newton-Framingham, MA Metropolitan Division and is subject to economic conditions throughout the region.

2023 per capita personal income ("PCPI") in the Cambridge Metropolitan Division is 44% higher than PCPI for the United States, 11% higher than Massachusetts, and approximately equivalent of the overall Boston Metropolitan Statistical Area.

Per Capita Personal Income ¹						
	2019	2020	2021	2022	2023	Average
United States	\$66,434	\$69,758	\$72,550	\$68,977	\$69,810	\$69,506
Massachusetts	86,540	91,364	94,323	89,756	90,596	90,516
Boston MSA ²	95,757	99,920	104,381	99,883	100,880	100,164
Cambridge ³	95,825	99,731	104,505	99,607	100,534	100,040
Cambridge as a % of MA	110.7%	109.2%	110.8%	111.0%	111.0%	111.0%
Cambridge as a % of USA	144.2%	143.0%	144.0%	144.4%	144.0%	144.0%

SOURCE: Source: US Department of Commerce, Bureau of Economic Analysis 2024.

1. All dollar amounts are adjusted to 2023 dollars using the Consumer Price Index Research Series Using Current Methods.
2. Boston-Cambridge-Quincy, MA-NH Metropolitan Statistical Area.
3. Cambridge-Newton-Framingham, MA Metropolitan Division of the Boston-Cambridge-Quincy, MA-NH Metropolitan Statistical Area.

Population Characteristics

Characteristic	Cambridge	Boston MSA	Massachusetts	United States
Population (2020)	118,403	4,941,632	7,029,917	331,449,281
Median Age				
2020	30.6	39.0	39.9	38.8
2010	30.2	38.5	39.1	37.2
2000	30.4	36.2	36.5	35.3
1990	31.1	33.4	33.6	32.9
1980	28.6	31.3	31.2	30.0
Age Group (2020 data)				
0 - 4	3.93 %	4.91 %	4.84 %	5.55 %
5 - 19	12.21	17.17	17.39	19.25
20 - 24	14.81	7.52	7.31	6.69
25 - 44	41.40	27.54	26.47	26.25
45 - 64	15.61	26.20	26.47	25.43
65 and over	12.04	16.67	17.52	16.83
Total	100.00 %	100.00 %	100.00 %	100.00 %
Four or more years of college education 25 years or older (2022 1-year estimate)	81.1 %	51.4 %	46.6 %	35.7 %
High school graduates 25 years or older (2022 1-year estimate)	96.4 %	92.2 %	91.3 %	89.6 %

SOURCE: Federal Bureau of the Census.

According to figures provided by the U.S. Department of Commerce, Bureau of the Census, as of 2020, the City had a population of 118,403. This figure represents a 12.6 percent increase from the 2010 population. The following table represents population figures for selected years.

POPULATION AND RATES OF CHANGE

Year	Population	Rate of Change
2020	118,403	12.6%
2010	105,162	3.8
2000	101,355	5.8
1990	95,802	0.5
1980	95,322	(5.0)

SOURCE: Federal Bureau of the Census.

Local Economic Trends

Like many markets nationwide, Cambridge is feeling the impact of tariffs, reduced investment, and shifts in the commercial real estate landscape. Yet, the City continues to anchor the regional and national life science and growing applied artificial intelligence (AI) industries. Compared to the broader U.S. trends, both Cambridge and Massachusetts have demonstrated resilience, even as the region adapts to evolving workplace norms and new federal policy directions. Further, Cambridge's strategic location, high-quality real estate assets, and strong quality of life position the City favorably within the region's innovation economy.

Cambridge is strong in key sectors such as higher education, technology, tough tech, and life sciences – all of which form the foundation of its innovation economy. This strength is supported by world-class academic institutions, access to capital, and a diverse range of commercial real estate options that accommodate companies at every stage of growth.

While Cambridge continues to see an increase in commercial vacancies, the City maintains its reputation as an excellent place to start and grow a company. While outlying communities have contributed to the region's increased supply, these secondary markets only reinforce the central role of Cambridge in the biotech industry. Unlike some of the built-to-suit properties in the region, much of Cambridge's lab/R&D development is pre-leased, which helps maintain stability and resiliency in the local market. Combined with Cambridge's commercial tax rate – the lowest in the region – the City remains an attractive environment for doing business.

In addition to top-quality R&D and lab space, science-driven start-ups in Cambridge have access to workers essential for generating and developing new concepts. The CBRE 2025 Life Sciences Talent Trends Report ranks Boston-Cambridge among the top market for life science workers in the country. CBRE found that two data points correlate with a strong biotech labor pool: the proportions of residents with a PhD and of those working across all professional, scientific, and technical service industries. Over 15% of the adult population holds a PhD and over 40% of the workforce is in professional services fields. In the second quarter of 2025, the City's workforce stood at 139,388 workers, exceeding pre-pandemic employment levels .

While biotechnology and life sciences remain key drivers of growth, advances are also occurring across other high-tech and emerging industries. Amid the ongoing economic uncertainty, the Commonwealth is advancing legislation aimed at strengthening core industries, while municipalities across the region are collaborating on long-term economic strategies focused on business recruitment and retention. Both state and city leaders are reinforcing their commitments to inclusive, innovation-driven growth.

These efforts are upheld by the City's public infrastructure and proactive planning, which help sustain an urban environment that attracts cutting-edge industries and top talent. Cambridge's approach includes strong support for street level activation, diverse housing development, and a modern multi-modal transportation network.

How Cambridge Compares

Reports and rankings issued by nationally recognized organizations and publications attest to the strong position of the Commonwealth of Massachusetts, the Boston metro region, and Cambridge in the innovation economy. In 2025, Massachusetts received the following rankings:

- #1 Best State to Live in (WalletHub)
- #1 Best State for Women (WalletHub)
- #1 Place to Raise a Family (WalletHub)
- #2 in Healthcare (US News)
- #2 Top Innovative State (WalletHub)
- Most Educated State (WalletHub)
- Best for Venture Capital Investment (US News)
- #3 for Top Business Environment (US News)

In August 2025, Genetic Engineering News (GEN) ranked Cambridge and Boston as the nation's number one biopharma cluster due to the region's lead on NIH funding, the state's \$1 billion investment into the Massachusetts Life Sciences Center, lab space, and venture capital funding, patents, and industry jobs." The 2025 CBRE Life Science Research Talent analysis cites the Boston/Cambridge area as the number one life science market in the nation. In the same report, CBRE states that Boston-Cambridge continues to have the top life science talent pools, accounting for nearly 13% of R&D roles nationwide.

Massachusetts-based biopharma and technology firms continue to secure capital. Year-to-date November 2025, the Greater Boston life science, cleantech, and high technology industries raised over \$11.3 billion in venture capital, according to Crunchbase. Life science companies in the region alone raised \$4.3 billion, and Cambridge’s biotechnology industry took in over \$2.1 billion.

Although investment remained strong, employment concerns surfaced within the state’s biotech industry. According to MassBIO, the state saw a 1.6% job decline in R&D compared to New Jersey’s loss of 6.7% and California’s loss of 2.1%. Despite the decline, Massachusetts still makes up 23% of the biopharma R&D workforce in the U.S, with 117,108 employees in biopharma.

Innovation: Venture Capital & Market Activity

Successful ecosystems are typically characterized by key elements such as collaboration opportunities, access to skilled talent, and availability of capital. In Cambridge, a deeply rooted culture of technological innovation continues to attract significant investment. Often referred to as the “most dense innovative culture in the world,” the City is home to a unique concentration of research institutions, government agencies, startups, and established companies. The Cambridge-Greater Boston region also benefits from a highly skilled and diverse workforce across sectors including life sciences, artificial intelligence, high-tech, and climate technology. In addition, Cambridge consistently draws venture capital and other forms of investment that fuel the growth of startups and scale-ups, reinforcing its role as a global innovation leader.

Crunchbase, a resource for innovative companies and their funders, reports that during 2025 the VC industry invested \$4.68 billion in 107 Cambridge companies. Investments included 47 seed and pre-seed rounds totaling \$397 million for firms in the early stages of development. Nineteen financings, totaling \$964.9 million, consisted of Series A rounds for firms beginning to scale up viable concepts. The median amount of all financings was \$10 million and the mean \$37 million. 25 companies received placements of \$50 million or more. Of the industries covered by venture capital investment, the largest share was in the biotechnology, life sciences, and artificial intelligence sectors.

During 2025, Greater Boston firms received 22% of the country’s 1,000 largest venture capital funding deals (in all rounds). Of those, Cambridge housed 41% of VC funding in the region. Cambridge sees an especially high concentration of investment in the biotechnology and technology sectors.

During 2025, Cambridge saw eight investments of \$100 million or more, accounting for \$2 billion. The largest funding was the \$350 million Series A round raised by Lila Sciences; this was in addition to \$200 million seed funding.

Top Cambridge Venture Capital Investments: 2025			
Name	Amount	Industry	Investment Round
Lila Sciences	\$550,000,000	Artificial Intelligence (AI)	Seed, Series A
OpenEvidence	485,000,000	Artificial Intelligence (AI)	Series A, B, C
Suno	250,000,000	Artificial Intelligence (AI)	Series B
Aviceda Therapeutics	207,500,000	Biotechnology	Series C
AIRNA	155,000,000	Biotechnology	Series B
Inari	144,000,000	Biotechnology	Series G
ARTBIO	132,000,000	Biotechnology	Series B
Merida Biosciences	121,000,000	Biotechnology	Series A
Be Biopharma	92,000,000	Biotechnology	Series C
Stylus Medicine	85,000,000	Biotechnology	Series A
Zag Bio	80,000,000	Biotechnology	Series A
Lumafield	75,000,000	Medical Device Manufacturing	Series C
Arbor Biotechnologies	73,900,000	Artificial Intelligence (AI), Biotechnology	Series C
Vima Therapeutics	60,000,000	Biotechnology	Series A
Stratus Therapeutics	50,000,000	Biotechnology	Series A

Source: Crunchbase Pro, report dated November 24, 2025.

Affordable Housing – Development & Preservation

The City, along with housing partners, continues to work diligently to preserve and expand Cambridge’s affordable housing stock. To address the challenge of developing new affordable units in a competitive and high-cost environment, the City continues to commit substantial resources and employ innovative policy changes.

Highlights include:

- Providing more than \$44 million in new funding for the City’s Affordable Housing Trust to finance the creation and preservation of new affordable housing. Funding includes \$24.6 million from the City’s FY26 operating budget, \$18 million in Community Preservation Act funding in FY26, and \$1.8 million in housing contributions under the City’s Incentive Zoning provisions received in 2025
- Affordable Housing Overlay (“AHO”) zoning, adopted during 2020 and amended in 2023, encourages affordable housing development and streamlines the approval of 100%-affordable housing. Sixteen new affordable housing developments have been proposed to date with the first AHO development completed in 2025. Other new developments are in various stages ranging from review to construction (four developments).
- The Cambridge Affordable Housing Trust committed more than \$78 million in 2025 to preserve or create more than 335 new units of affordable housing and fund the purchase of six properties. Active efforts include work on commitments comprising more than 950 affordable units in developments funded in 2024 and prior years:
 - Completed:
 - \$10.1 million funded the completion of 62 new units of affordable permanent supportive housing for individuals who were previously unhoused.
 - Under Construction:
 - A total of \$91 million has been committed to create 469 affordable units now under construction across the City.
 - Proposed:
 - A total of \$88.7 million has been committed to new developments that have been proposed and will create 550 new affordable units across the City.
 - Acquired:
 - \$9.8 million has been committed to acquire a portfolio of properties in the Baldwin neighborhood near Porter Square where new affordable housing will be proposed in future years.
 - City Land Committed:
 - A long-vacant parcel of City land in The Port neighborhood has been transferred to an affordable housing provider who is now building 10 new affordable condominium units.
 - Planning for new affordable housing to be built on a City-owned property in Central Square has recommenced, after being delayed for many years by litigation that was settled in 2025.

Affordable Housing – Additional Initiatives

The City commits substantial financial and program resources and works diligently to address affordable housing needs, helping residents at risk stay in their homes or access affordable housing through City programs.

Accomplishments over the past year include:

- Helping 26 new homebuyers with the purchase of City-assisted affordable homes in FY25. Several received assistance through HomeBridge, a City program to support first-time homebuyers.
- Facilitating access to affordable rental housing for 226 households in FY25 for inclusionary housing, a portfolio which now spans more than 60 properties. This accomplishment brings the total number of new households assisted to 895 over the past five years.

Overall, in FY26 Cambridge has dedicated more than \$64 million in City funds from a variety of sources to address affordable housing and homelessness.

Expanding Housing Supply

To further efforts that encourage new housing construction, in 2025 the City has adopted a groundbreaking zoning petition to end exclusionary zoning. Through the Multi-family Housing petition, the development of multi-family housing is now allowed in all areas of the city along with increased height and density to incentivize development of new market-rate housing. New market-rate housing would also create new affordable housing through the City's Inclusionary Housing provisions.

Transportation and Path Projects

Cambridge successfully addresses the transportation challenges of an established, densely developed city by directing planning efforts and infrastructure funding to the full suite of transportation modes. A range of progressive policies and physical interventions in the roadway network encourages residents and employees to walk, bike, or take public transit. These efforts include streetscape corridor designs that promote pedestrian and bike safety, bus signal priority and bus lanes in congested locations, multi-use pathways, and funding of the EZRide Shuttle service. A pilot speed hump program to slow vehicle speeds and increase safety was introduced in 2025 and was well received. Electric vehicle charging construction continues with the goal of installing charging stations for 100 vehicles by 2027 to reduce carbon emissions by encouraging the switch to electric vehicles.

Coordination with other cities and with regional and state transportation agencies plays a role in major infrastructure projects, such as the MBTA 2024 Track Improvement Program, Bus Network Redesign Implementation, and regional leadership of the Bluebikes public bikeshare system that now includes e-bikes. The City's notable interventions to improve the multimodal transportation infrastructure include:

Path Projects

- **Grand Junction Multi-Use Path.** The project will provide an important regional off-street path connection to projects in Cambridge and Somerville included with the Green Line Extension and those proposed as part of the Allston I-90 Interchange project. The advanced design is undergoing community and agency review. Resources have been committed from multiple sources including MIT (a significant stretch of space in the right-of-way and \$8.5 million towards design and construction of the pathway south of Massachusetts Avenue); Alexandria Properties (\$11 million toward construction); and the City (authorized \$10 million for design and construction).
- **Alewife Linear Park.** Construction is underway for this heavily used area in North Cambridge. The park is an important local recreational space, and connects the Alewife MBTA Red Line station, Russell Field and nearby park facilities, Massachusetts Avenue, and Davis Square in Somerville. The park pathway is also part of a regional off-road multi-use path network that includes the Minuteman Bikeway and the Somerville Community Path. The comprehensive renovation project will improve the physical condition of the park, incorporate new plantings to complement the park's tree canopy, improve path user comfort, and enhance the park user experience through the addition of new park amenities and site-responsive public art. The cost is anticipated to be approximately \$9 million. Construction is anticipated to be completed in 2027. \$1.2 million will be dedicated for this purpose and other path projects in this bond issue.
- **Danehy/New Street Connector.** Design of a new off-road pathway connection and open space is currently underway. This path will provide an off-road connection between Fresh Pond Reservation and Danehy Park, two major open spaces in Cambridge, and is an important link in a planned regional path network.

Transportation

- **River Street subsurface infrastructure and surface improvements.** This \$34 million project will enhance mobility and safety for all modes, address stormwater management issues related to climate change, and create streetscape improvements along the right-of-way and at Carl Barron Plaza in Central Square. Construction began in 2023 and continues through 2026.

Commercial Real Estate Market

Cambridge has experienced the effects of ongoing shifts in the office and lab/R&D markets; nevertheless, the City maintains its position as a regional economic leader by adapting to the broader macroeconomic forces. The City's competitive advantage is reinforced by sustained investments in public infrastructure, a deep pool of in-demand talent, a broad spectrum of real estate offerings, and a commercial property market characterized by high-quality assets and vibrant tenant amenities. Together with a careful and balanced approach to new development, these strengths help ensure the City is well-prepared for future growth.

Despite trends in the commercial market, Cambridge has experienced new leasing activity. Between Q4 2024 and Q3 2025 office and life science firms have entered into 12 new leases totaling 1,125,267 sq. ft. Leasing activity for the year ended with 1,567,717 sq. ft. of new, renewal, or sublease deals.

There are 3.3 million sq. ft. of commercial space currently under construction or fully permitted, while an additional 1.6 million sq. ft. has received zoning approval. While some projects in other municipalities under construction are on pause or have been indefinitely halted due to market uncertainties, Cambridge distinguishes itself with very few built-to-spec developments and a diverse inventory of buildings that accommodate both startups and larger companies. Many developers continue to invest in Cambridge, drawn by its high-quality inventory and sustained demand.

Nationwide, demand for office space continues to decline as structural changes in workplace behavior – such as hybrid and remote work – reshape the market. Coupled with broader macroeconomic headwinds, these shifts have led to reduced demand at both the national and regional levels.

Office/R&D projects in active construction continued to see progress over the past years. In Alewife, IQHQ continues developing their five buildings and the development of the parking garage. In Kendall Square, MITIMCO, in partnership with Biomed Realty, has begun construction on 75 Broadway, the new Biogen headquarters. Completed and soon to be completed projects include AstraZeneca's new R&D center at 250 and 290 Binney St. (2026), Takeda's new R&D facility at 585 Third St. (2026), and Alexandria construction of the 366,500 sq. ft. Moderna Science Center in Kendall Square.

- From 2021 to Q3 2025, Cambridge added 4.8 million sq. ft. to its commercial real estate inventory.
- Most of the 3 million sq. ft. of office/R&D new construction or office-to lab conversions are on schedule for delivery.
- Approximately 5.2 million sq. ft. of office/R&D has a Planning Board permit granted or application underway or can build as of right.
- The annual absorption for currently available office/lab space stood at negative 9.4% as of Q3 2025. The quarterly rate was negative 0.5%, compared to negative 1.3% last year.

As changes to macroeconomic issues and other federal policies continue to impact both lab and office demand, the Cambridge commercial market is finding ways to adapt and align with emerging needs, such as AI/robotics, cleantech, and tough tech, while maintaining a focus on quality and flexibility. City officials are actively monitoring commercial real estate trends and engaging with property owners to stay ahead of potential challenges and identify new opportunities. By leveraging strong partnerships with the business and real estate communities, the City is well positioned to address emerging issues early.

Lab Market

With increased inventory, rising inflation, and decreased public funding, Greater Boston's lab market has faced some challenges in recent years. Nonetheless, Cambridge's lab market holds a stronger position in the region and stands out as the premier life sciences hub. There continues to be lease activity with mid-size and startup companies, some of which have taken direct leases in spaces under 30,000 sq. ft. East Cambridge specifically, continues to be one of the most active areas in the region. CBRE reported that in Q3 2025 that "despite rising vacancy, East Cambridge remains the tightest among Greater Boston's established submarkets."

For a second consecutive year, CBRE reports that the highest asking rental prices for lab space in the region remain centered around Kendall Square, reaching \$102.52 per square foot by the end of Q3 2025. The growing availability of new direct space continues to attract firms and provides opportunities for companies to move and grow within city limits.

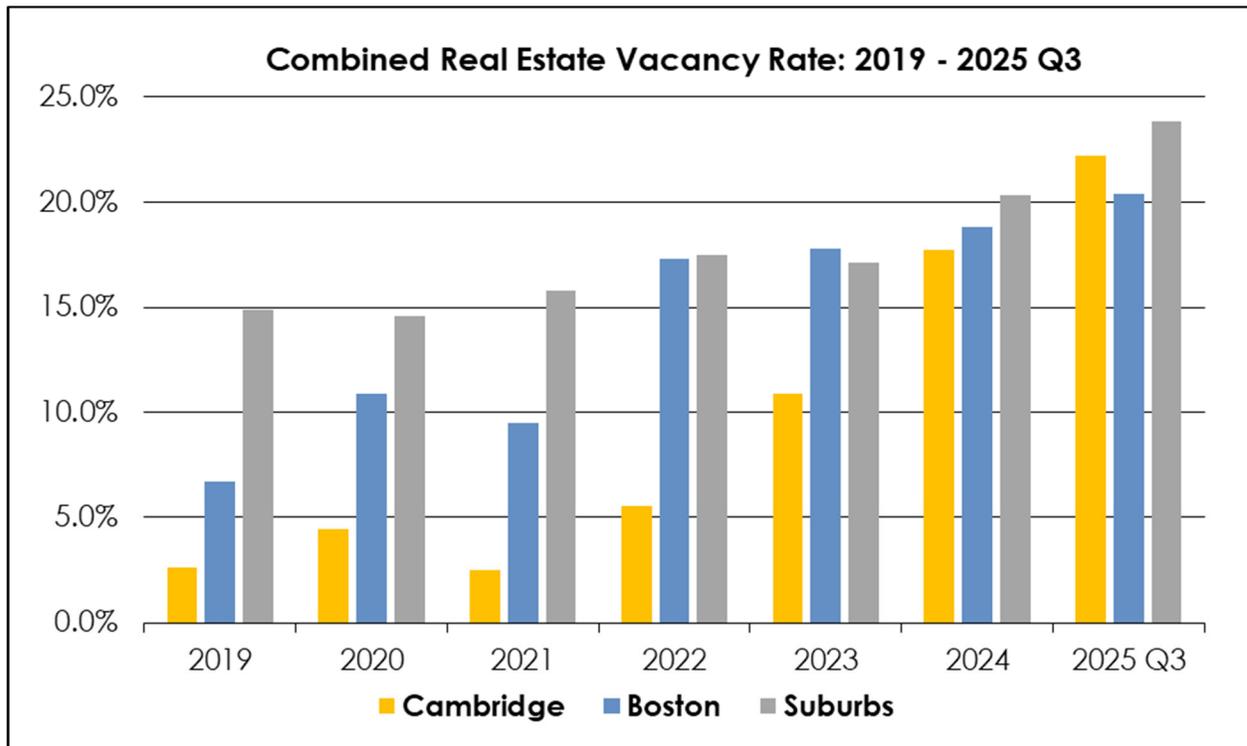
A summary of lab market conditions follows:

- Overall, absorption in the lab market continues to mirror changes in the life science economy. As of 2025 Q3, the annual absorption rate for lab stands at negative 15%.
- Negative absorption of lab space fluctuated during the past four quarters. The 2025 Q3 quarterly absorption rate was at negative 1.9%.
- As of 2025 Q3, CBRE reports that Cambridge has 20.4 million sq. ft. of lab space, one of the largest markets of the life sciences R&D space in the region. These figures reflect a 4 million sq. ft. increase since 2021 Q3.
- According to CBRE, the City's 2025 Q3 overall lab vacancy rate at 22% is the region's lowest. East Cambridge/Kendall Square ended the quarter with a 17.2% vacancy rate, reflecting continued demand and interest in the subdistrict.
- Over the same period, the sublease rate increased from 6.3% to 7.6%.
- Over the four quarters ending 2025 Q3, there were ten direct and sub lab leases of 10,000 sq. ft. or more, totaling 1.2 million sq. ft. that represent new or expanded tenancies.
- For Q3 2025, CBRE reports the average asking gross rent for lab in Cambridge stood at \$93.26/sq. ft., a 6.6% decrease from 2024 Q3. In East Cambridge, triple net asking rents were at \$102.52 per sq. ft. and in West Cambridge \$77.31 per sq. ft.
- Cresa reports that Class A lab is going for \$101/sq. ft. in Cambridge, \$100/sq. ft. in Seaport/South Boston, and \$85/sq. ft. in Somerville and Watertown, respectively.

Office Market

Cambridge's office market, like many urban centers nationwide, is navigating a period of transition. While vacancies remain elevated due to shifting demand and available space, this moment also presents a unique opportunity to reimagine how office space can evolve. Recently Cambridge has experienced quarters of positive absorption, demonstrating some potential for future demand of office space, especially as rents are stabilizing to pre-boom era of 2021.

Many recent deals included subleasing opportunities as well as renewals or expansions of long-standing tenants. The citywide sublease rate decreased to 7.8% in Q3 2025. Gross rents decreased but remained one of the highest in the region. As noted, the market's strengths continue in servicing life science firms and mature software, AI, and internet services companies. Office space absorption ended with a positive 1.8%. in Q3 2025.



Economic Development Districts

West Cambridge

West Cambridge includes two major commercial districts – Concord/Alewife and Porter Square. The Concord/Alewife commercial district is a vibrant, expanding mixed-use area that caters to local residents, workers, and commuters traveling to and from destinations outside of Cambridge. In Alewife district alone, there is 1.4 million sq. ft. of commercial development either under construction or in the development pipeline.

The business landscape is diverse, with major biotech and tech companies such as Seres Therapeutics, Forrester, GlaxoSmithKline, and the Smithsonian Astrophysical Observatory headquartered in the area. Alewife also is a regional shopping destination, with over 400,000 sq. ft. of retail space in the district. Retail is anchored by popular stores like Whole Foods, Trader Joe's, TJ Maxx, Central Rock, and Petco, while smaller light industrial firms also contribute to the area's economic mix.

In 2023, the City Council approved zoning recommendations for the Alewife District, setting the framework for a sustainable, multimodal neighborhood with various amenities. This zoning incentivizes the construction of a bike/pedestrian bridge to the Alewife station and includes a requirement for commercial development above a certain threshold to contribute to a fund for housing and infrastructure improvements.

The Porter Square area serves both local and regional markets, with the Massachusetts Avenue corridor offering a blend of retail, residential, and entertainment options. Key landmarks include the Porter Square Shopping Center, Lesley University, and two hotels. The district is home to several vibrant neighborhoods that serve the surrounding community. Redevelopment efforts in the area often focus on adding street-level retail and housing, helping to further energize the district.

In spring 2025, the City completed the Massachusetts Avenue Planning Study to develop a vision for the future of Massachusetts Avenue from Alewife Brook Parkway to Cambridge Common by 2040. The study provided recommendations for key areas such as zoning, urban design, housing, small businesses, climate resiliency, mobility, and public spaces. In fall 2025, City Council began moving forward with zoning recommendations along the corridor to encourage more housing and active commercial uses.

Recent West Cambridge commercial developments and transactions:

- The Alewife Quadrangle (Quad) subdistrict is the City's last large geographic area with significant unpermitted development potential, totaling over 3.0 million sq. ft. The Quad benefits from the assembly of a 36-acre multipart campus by life sciences developer Healthpeak for \$2.2 billion. This series of acquisitions could include up to over 2 million sq. ft. of additional commercial and residential construction on various parts of their holdings. In March 2025, Healthpeak purchased 100 Smith Place for \$20 million and in April, it announced it will be partnering with Hines on the residential portion of its development.
- Across Alewife Brook Parkway at Alewife Park, IQHQ has begun redevelopment which includes renovating two existing office buildings and constructing three new commercial buildings along with a parking garage, totaling 609,600 sq. ft. of lab, office, and retail use. In October 2025, it was announced that Lila Sciences, an AI life sciences company, leased 246,500 sq. ft. at One Alewife Park and 5 Alewife Park.
- Forrester Research renewed their lease for 118,000 sq. ft. at 60 Acorn Ave.
- In Q3 2025, The Croft School leased 32,190 sq. ft. at 21 Notre Dame Ave. for a new, private pre-K – 8 school. They plan to open in Q3 2026.
- In Q2 2025, Quarlis signed a 30,000 sq. ft. lease at 35 CambridgePark Drive.
- In Q4 2024, Lesley University sold 1826 and 1840 Massachusetts Ave., two surface level parking lots (0.58 acres), to Just-A-Start Corporation for \$10.5 million. Just-A-Start plans on developing affordable housing on these sites.
- Closer to Porter Square, 815 Somerville Ave. recently converted 23,000 sq. ft. office space to lab.

In recent years, the Triangle subdistrict of Alewife has developed into a new residential neighborhood, with housing projects gradually replacing underused parking lots and outdated commercial buildings. Several major developments, both complete and ongoing, are aimed at meeting the needs of young professionals and empty nesters. Meanwhile, Porter Square and the Massachusetts Ave. corridor have seen new housing projects, ranging from 6 to 50 units.

Residential development in the pipeline or recently completed in West Cambridge area includes:

- In October 2025, Old North Development purchased 1740 Massachusetts Ave. for \$8.5 million, \$520.51 per sq. ft. from Bulfinch Properties. The new owners are proposing to redevelop the one-story retail building with a mixed-use development.
- Capstone Communities, Hope Real Estate Enterprises and MPZ Development are proposing a 73-unit 100% affordable housing development at 2072 Massachusetts Ave.
- Bnai Birth Housing received approval for 110, one-bedroom units with 8,000 sq. ft. of commercial space at 99 Blanchard St.
- Boylston Properties received a special permit in June 2025 for a 236 unit building at 795 Concord Ave.
- Just-A-Start nears completion of a 106-unit all-affordable building at 52 New Street.
- 49 units were completed at 605 Concord Avenue.
- Winn Development completed construction of an additional 95 all-affordable units at Walden Square.
- The Cambridge Housing Authority is constructing 195 affordable housing units at Jefferson Park Federal. The construction of the final 83 affordable units in the second phase is anticipated to begin in Spring 2026, for a total of 281 affordable units.
- In Q1 2024, Danehy Realty Corp. sold 2400 Mass. Ave. to North Cambridge Partners for \$12.5 million. The property is currently a 19,472 sq. ft. retail/office building, but the new owners have received special permit approval for 56 residential units with ground floor retail.
- In 2024, Just-A Start completed its Rindge Commons project at 402 Rindge Ave. that includes 72,881 sq. ft. with 24 residential units above commercial space that houses workforce development and pre-kindergarten programs.

City and State improvements in West Cambridge that support long-term plans for the area:

- In 2025, the new Tobin Montessori and Darby Vassall Upper Schools opened. The project also improved bike and pedestrian pathways and added a 1.5-million-gallon stormwater storage tank to reduce street flooding and improve resilience.
- The City broke ground on the Linear Park redesign and reconstruction project in October 2025. Linear Park is an important bike and pedestrian corridor. The goal is to create a unified open space that improves community access, provides better opportunities for recreation and play, and offers a reliable transportation route for commuters and park visitors.

Mid-Cambridge

Mid-Cambridge is represented by three commercial areas – Harvard Square, Central Square, and Cambridgeport. Harvard Square thrives on a unique blend of retail, entertainment, and cultural attractions rooted in history, academia, and the arts. The mix of historical atmosphere, academic hub, and modern shopping attracts residents, businesspeople, and visitors from around the world. With a little over 900,000 sq. ft. of retail space, Harvard Square functions as a regional shopping and tourist destination, with the strong presence of unique retailers in an urban, pedestrian-friendly environment.

Central Square is the City's traditional downtown district. Central Square benefits from the proximity to MIT and the biotech and high-tech industries located nearby in Kendall Square and Cambridgeport. The area also offers coworking facilities for early-stage companies along Massachusetts Ave. and a thriving nightlife scene. Novartis headquarters sits on Central Square's eastern boundary, with 2,300 employees.

In 2025, the Central Square Business Improvement District (BID) renewed its charter, focusing on maintenance and safety, event programming, public art, and marketing to increase the volume of pedestrian traffic and improve the visitor experience. Building upon the success of pandemic pilot programs of the past few years, the Central Square BID and the City of Cambridge continue to collaborate on innovative projects in Central Square. In fall 2025, the new Street Theory Collective opened, providing a year-round space for artists and cultural events.

The City continues to study its municipal properties in Central Square. In the fall of 2023, the City conducted a study of municipal property in Central Square, initiating the Central Square Lot Study to assess municipal property needs and plan for city-owned properties in the area. Potential uses being explored include permanent space for performing arts or temporary retail, housing, and municipal offices. This study was followed by the Central Square Rezoning Study, which is looking at updating zoning regulations for the district. The recommendations will focus on increasing

housing, creating new public spaces, and supporting Cambridge's diverse retail, cultural, and nonprofit organizations. Rezoning petitions for the Square are anticipated to begin in 2026.

Cambridgeport, near Central and Kendall Squares, continues to be a space for research and innovation, providing a variety of spaces for different technology, touch tech, and life science companies. At the southern end of the district, the 345,000-square-foot Sidney Research Campus, owned by Biomed Realty, houses mid-sized biopharma companies.

Recent Mid-Cambridge commercial development, transactions, and leases:

- In September 2025, 30 Brattle St. and 99 Mt. Auburn St., totaling 26,386-SF, were sold to Evolston Capital for \$16.1 million, or approximately \$610.17 per sq. ft.
- In July 2025, Cambridge Financial Group sold 39,240 sq. ft. retail/office property at 6-14 JFK St. to Group1001 for \$55 million or \$1,401.63 sq. ft.
- In 2025, Biomed Realty received special permit approval to convert 350 Massachusetts Ave. from office to a 112,600 sq. ft. lab/R&D building.
- Axoft moved into 15,000 sq. ft. of lab at 148 Sidney St.
- Terrain Bio moved into 22,317 sq. ft. of lab at 640 Memorial Dr.
- In Q4 2024, Harvard Coop sold 16,420 sq. ft. of retail/office condo space at 12 Palmer St. to the Trustees of Harvard College for \$22.75 million or \$1,385.51 per sq. ft.
- In December 2023, Alexandria Real Estate sold 640 Memorial Dr. to Phase 3 Real Estate Partners for \$259,334,048 or \$1,069.52 sq. ft.
- In June 2023, Alexandria Real Estate sold two of its properties in Cambridgeport at 780 and 790 Memorial Drive for an allocated price of \$175 million (\$1,688 sq. ft.) to Alloy Properties backed by TPG Real Estate Partners. Marking Alloy's first entry into Cambridge, these properties serve as a Growth Research Opportunity (GRO) campus, dedicated to earlier-stage, high growth companies with a full suite of amenities, flexible lease terms, and modular lab space.

Recent residential development in Mid-Cambridge:

- 57 JFK Street received approval to add 38 units of housing to an existing retail building, retaining the commercial usage on lower floors.
- Just-A-Start received approval to redevelop 48-50 Bishop Allen Drive is the proposed location for a new 22-unit residential development, and approval for 10 new affordable housing units at 35 Cherry St.
- Near Central Square, the Cambridge Housing Authority completed a new 60-unit development at 116 Norfolk St. aimed at the elderly and disabled.

City and state improvements in and around the Mid-Cambridge area:

- Over the past three years, the City has worked to revitalize the Harvard Square Kiosk, an historic structure located on the central plaza of the Square. Renovation of the Kiosk offers an opportunity to repurpose a small but prominent public building to better serve the wider community. In the Summer of 2025, the city reopened the Kiosk to the public, and the plaza continues its renovation.

East Cambridge

East Cambridge is one of the City's most densely developed areas, comprised of four concentrated development and commercial districts: University Park, Kendall Square, East Cambridge/Cambridgeside, and NorthPoint/Cambridge Crossing. As of Q3 2025, CBRE reports that East Cambridge remains the tightest lab market in the Greater Boston region.

University Park is a 22-building, 2.3 million-square-foot mixed-use complex that includes office, R&D, retail, and residential spaces. It is owned and operated by Blackstone/Biomed. Key tenants include Acceleron Pharma (a division of Merck), Fulcrum Therapeutics, Novartis, Skylark Bio, Blueprint Medicines, Mass General Brigham, and Vericel. Near University Park, along Massachusetts Ave., is the 1.1 million sq. ft. campus of Novartis, one of the City's top employers.

The Kendall Square district, adjacent to MIT, includes developments such as Cambridge Center, Technology Square, One Kendall Square, Cambridge Research Park, and the Alexandria Real Estate Equities holdings along the Binney

Street corridor. It hosts major companies like Pfizer, Takeda, and Amgen, as well as emerging biotech firms like Moderna and Alnylam Pharmaceuticals. Top tech companies such as Draper Labs, Akamai, Amazon, Microsoft, and Google also have a strong presence. Overall, 16 of Cambridge's largest employers are in or near Kendall Square.

East Cambridge/Cambridgeside includes a mix of commercial developments, with CambridgeSide mall as its centerpiece. Once 1 million square feet of retail space, CambridgeSide is now being transformed by New England Development to meet changing real estate needs. In recent years, a redevelopment plan was approved to add 1.1 million square feet of office and lab space, with 457,000 square feet of new space and the rest coming from repurposing parts of the mall. The plan also includes 200 new housing units and upgrades to the remaining 315,000 square feet of retail. Over the past three decades, East Cambridge district has added \$50 million in public improvements, 3.2 million square feet of new and renovated office/R&D and retail space, 700 hotel rooms, and 1,200 housing units.

The North Point/Cambridge Crossing district is an 80-acre area north of Monsignor O'Brien Highway, next to East Cambridge. It has over 3,000 residential units and has become a major employment hub. Education First (EF) set up its North American headquarters near a waterfront park with connections to Charlestown. In recent years, Phillips North America moved its U.S. headquarters to North Point, and Sanofi established a Greater Boston headquarters there, and Bristol Myers Squibb opened a nearby innovation hub, reinforcing the area's growing reputation as a nexus for business and innovation.

While broader national economic trends are affecting Cambridge, East Cambridge still is showing strong leasing and sales activity. According to CBRE, lab rent in Q3 2025 in Eastern Cambridge was \$102.53 per sq. ft., one of the highest in the region. Eastern Cambridge continues to thrive as a dynamic center for innovation – home to small and emerging businesses, research hub for major pharmaceutical companies, office and lab incubators, coworking spaces, and strong concentration of tech firms.

Recent East Cambridge commercial district developments and transactions of note (by sub-district):

East Cambridge/Cambridgeside:

- In September 2025, Biomed Realty sold 58 Charles St., a 49,198 sq. ft. office building and the headquarters for GE Verona, to BOS Office 5 LLC for \$53 million, or \$1,077.28 per sq. ft.
- In July 2025, Rockpoint and New England Development sold the American Twine building (222 Third St.), a 117,780 sq. ft. office building to North Colony Asset Management for \$24 million or \$203.77 per sq. ft.
- In December 2024, BioMed Realty purchased 215 First St., 150 Second St., and 11 Hurley St., three life science assets, totaling 552,542 sq. ft. from ARE for \$250 million, reflecting a price of \$452/sq. ft.
- In Q4 2024, 8 Winter St., a stand-alone retail building was sold for \$3.24 million or \$2,042.88 per sq. ft. The new owner is proposing a multi-family housing development.
- Construction continues the redevelopment of the CambridgeSide mall. 20 CambridgeSide Place includes 343,000 sq. ft. of office/lab and 17,000 sq. ft. of retail. 60 First Street includes 171,000 sq. ft. of office/lab and 25,000 of retail. In 2023 construction began on two additional new buildings, the residential structure and a 455,000 sq. ft. lab/R&D building at 80 First Street. The new CambridgeSide is already attracting positive attention from prospective tenants.

Kendall Square

- In March 2025, Biogen signed a lease for 585,000 sq. ft. at 75 Broadway, part of MIT's Kendall Common development for their new headquarters. The building is being jointly developed by MITIMCO and BioMed Realty. Biomed purchased 75 Broadway for \$59.6 million. Ground broke on this new building in September 2025 and is scheduled to open in 2028.
- In Q3 2025, Phase 3 Real Estate purchased 30,000 sq. ft. lab building at 30 Hampshire St. for \$25 million or \$833.33 per sq. ft.
- Intellia consolidated their Cambridge locations into a 146,000 sq. ft. lease at 400 Technology Square
- AIRNA leased 19,000 sq. ft. at 200 Technology Square
- Sarepa Therapeutics renewed their lease at 215 First St. for 79,000 sq. ft.
- City Therapeutics expanded into 44,300 sq. ft. at 399 Binney St.
- Insurify leased 20,700 sq. ft. at 201 Broadway
- Quareo leased 23,350 sq. ft. at 101 Main St.
- Relay Therapeutics leased 12,200 sq. ft. at One Kendall Square

- Alnylam Pharmaceuticals renewed 23,350 sq. ft. at 101 Main St.
- Meta renewed 130,000 sq. ft. at 100 Binney St.
- In one of the region's most notable transactions, in October 2024 Biomed Realty/Blackstone acquired 730-750 Main Street, a two-building complex, from MIT for \$361.5 million or over \$1,600 per sq. ft. The deal allows BioMed to control the complex under a master lease agreement while MIT will continue to own the land.
- In July 2024, Alexandria Real Estate agreed to pay \$270 million to extend its ground lease at Technology Square in Kendall Square. While MIT continues to own the land, Alexandria will retain control of the 1.2 million-square-foot campus through the end of 2088.
- MIT continues conversion of the former Metropolitan Storage Warehouse at 134 Massachusetts Ave. into a new 195,000 sq. ft. facility for MIT School of Architecture and Planning.
- MIT is nearing completion of its \$1.2 billion, 1.8 million-square-foot MIT-Kendall Square Initiative, a mixed-use development and campus expansion near the Kendall Square MBTA station. While much of the retail and office/R&D space has already been completed, a 318,000-square-foot office/lab building is permitted at 200 Main Street, where an old high-rise dormitory once stood.
- Construction nears completion at 585 Third St., a 16-story mixed use office, lab and performing arts space. BioMed has teamed with the non-profit arts organization Global Arts Live to operate the new 585 Arts facility. Takeda Pharmaceuticals has leased the entire 500,000 sq. ft. of commercial space in the building. In March 2024, the company signed a 10-year lease extension for 225,00 sq. ft. of space at 75/125 Binney Street to 2040. Takeda also fully occupies 500 Kendall St. and 650 E. Kendall St.
- In early 2024, MIT completed the 185,800 sq. ft. campus for the Ragon Institute of MGH, MIT and Harvard near Kendall Square at 600 Main Street. While this will be non-commercial space, the Ragon Institute is similar in organization to the Broad and Whitehead Institutes and focuses on research in the field of immunology. The addition of this organization to Kendall Square will add to the district's competitive advantage in health-related basic research.
- At 325 Binney Street, Alexandria Real Estate completed a new 367,000-square-foot R&D building in early 2024, which serves as Moderna's new North American headquarters. With additional space in Greater Boston, Moderna will be one of the few life sciences tenants in the region to occupy over one million square feet. The building is recognized as one of the most sustainable lab facilities in Cambridge. Moderna currently employs 1,141 people in the city
- In January 2024, MIT completed its \$750 million acquisition of the Volpe Center in Kendall Square. In addition to the new 305,000 sq. ft. Volpe National Transportation Systems Center building, the City permitted the site to allow 1.85 million sq. ft. of commercial space and 1,400 housing units, including the option to construct one commercial building up to 500 feet tall. Current plans call for four commercial buildings, four residential buildings, more than 3.5 acres of publicly beneficial open space, and a 25,000 square foot community center.
- Alexandria Real Estate continues rehabbing an older 30,000 sq. ft. office structure at 161 First Street at the corner with Binney Street and completed its rehab of 41 Linskey Way to accommodate 6,000 sf. of retail and 10,000 sq. ft. of office. This is the last structure included in the original Alexandria investment and rezoning in and around Kendall Square.
- Boston Properties continues its redevelopment of the former North Garage site to accommodate a 412,000 sq. ft. office/lab building at 290 Binney Street, a 465-unit apartment building at 135 Broadway, and a public open space situated between these structures. The plans also call for replacing a smaller office building at 250 Binney now occupied by Biogen with a 451,000 sq. ft. office/lab building. The 290 Binney building has been pre-leased by AstraZeneca, who will relocate 1,600 workers to the site in 2026.

Cambridge Crossing/Northpoint:

- DivcoWest's development at Cambridge Crossing - CX - will be a 4.8 million sq. ft. project on a 45-acre site where Cambridge, Somerville, and Boston converge. The San Francisco based developer bought the acreage, the largest buildable parcel in Cambridge, in 2015. The Cambridge portion of CX is currently projected to include at least 1.65 million sq. ft. of class A tech and office space in five buildings, and 100,000 sq. ft. of retail.
- A 313,000 sq. ft. all spec office/lab building at 441 Morgan Avenue was completed in early 2024 and Astella Pharma took over 62,000 sq. ft. in the building. Divco also recently delivered two smaller retail buildings at 124-144 Morgan Avenue.
- Divco is under construction for a 164,000 sq. ft. lab building at 121 Morgan Avenue after obtaining approval to convert the planned use from office. A new building at 221 Morgan Avenue will combine first floor retail with 120 residential units and a basement garage.
- A 120-room hotel from Somerbridge Hotel LLC is under construction at 263 Monsignor O'Brien Highway.

In addition to projects already noted, the development pipeline for East Cambridge encompasses a wide range of residential buildings either under construction and or elsewhere in the development pipeline:

- 48 affordable housing units completed at 40 Thorndike in fall 2024.
- MIT is completing a new Graduate Student Dormitory at 269-299 Vassar St.
- Boston Properties' is under construction to add 465 units at 135 Broadway, as part of the three-way land swap with Eversource and Alexandria and associated rezoning.
- MIT's Volpe parcel project will include up to 1,400 housing units when completed.
- First Street continues to see redevelopment with a series of mixed-use projects. Urban Spaces received approval to add a sixth new building with 87 units to the development at 75 First Street.

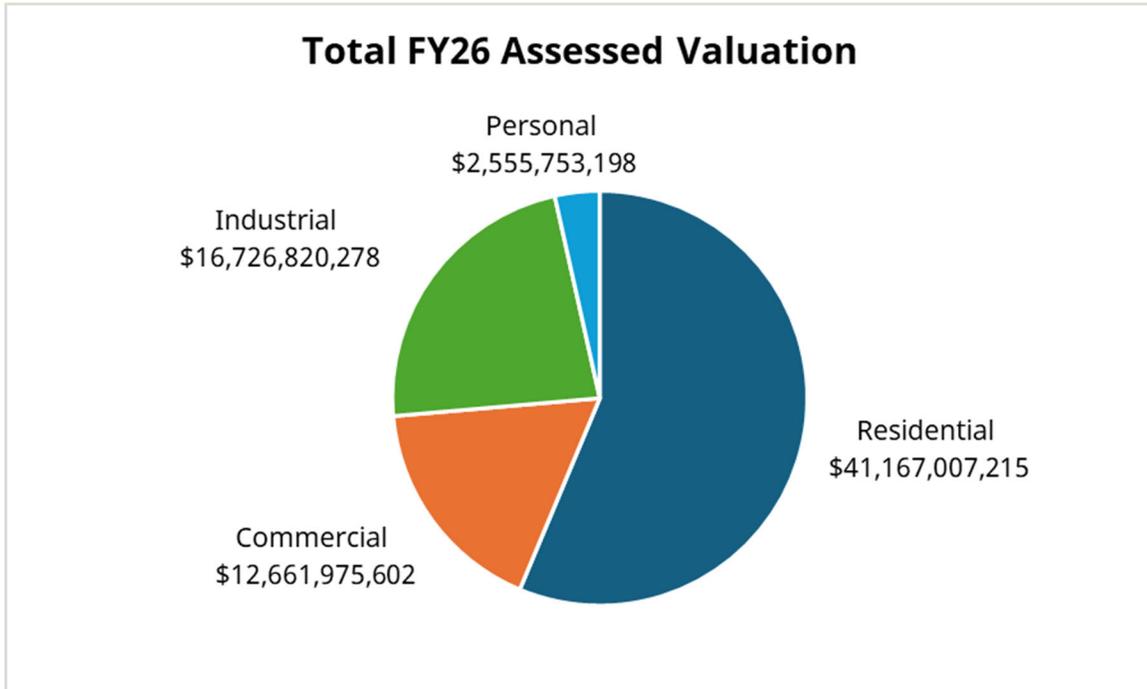
New Construction

The construction pipeline includes 4.4 million sq. ft. of commercial real estate currently under construction with an additional 3.2 million sq. ft. fully permitted. There are also 750 units of residential development currently under construction with an additional 3,950 units permitted.

Assessed Valuation FY26

- Total assessed valuation for this fiscal year was \$73.1 billion, a \$3.1 billion or 4.1% decrease from the prior year. Commercial/Industrial assessed values decreased from \$33.6 billion last year to \$29.4 billion in this fiscal year, and personal property assessed value increased from \$2.5 billion to \$2.6 billion.
- Residential values increased by 2.6% to \$41.2 billion. The total number of real estate abatement applications for FY26 was 176 out of 25,407 real estate parcels, equaling 0.69%. From FY22-26, the five-year average of real estate abatement applications is 201. From FY17 to FY26, the ten-year average of real estate abatement applications is 222.

The charts that follow show FY26 valuation by category as well as tax rates for the past five years.



TAX RATES BY CLASS (PER \$1,000 OF VALUE)

FISCAL YEAR	RESIDENTIAL	COMMERCIAL
2022	\$5.92	\$11.23
2023	5.86	10.38
2024	5.92	10.46
2025	6.35	11.52
2026	6.67	14.07

Source: City of Cambridge, Assessing Department.

Affordable Housing Initiatives/Community Preservation Act

- In November 2001, Cambridge voters approved adoption of the Community Preservation Act (“CPA”), a state law that allows the City to receive matching funds from the state for money raised locally in support of affordable housing, historic preservation, and open space initiatives.
- The local portion of CPA funding raised through a 3% surcharge on taxes is exempt from Proposition 2½. The first \$100,000 of residential property and properties owned and occupied by income-eligible residents are also exempt.
- Through FY26, the City has appropriated/reserved a total of \$324.2 million in CPA funds, of which \$72.5 million is attributable to state matching funds.
- To date, Cambridge has received more CPA matching funds from the Commonwealth than any other participating community. In FY26, the state match was 17.1%.

FY26 CPA Committee Recommendations

Expenditures

Affordable Housing	\$18,000,000
Historic Preservation	2,363,000
Open Space	2,581,000
Administration	<u>15,000</u>
Total	\$22,959,000

Revenues

Local Funds	\$19,700,000
State Match	2,800,000
Fund Balance	15,000
Reserve Funds	<u>444,000</u>
Total	\$22,959,000

Source: City of Cambridge, Finance Department.

Housing and Construction Activity

The data in the following tables are presented to illustrate various housing characteristics for the City. The figures for the number of buildings shown are for taxable property only and do not include units under the Cambridge Housing Authority or other subsidized units and university dormitories. The number of buildings by type are as of January 1, 2025.

**PARCEL COUNT BY TYPE
As of January 2025**

Type of Housing	Number of Parcels
One-Family	3,925
Two-Family	2,202
Three-Family	1,141
Four or More Units	827
Vacant Land	168
Condominiums	15,466 (1)
Multiple-Use	327
Mobile/Multiple on One Parcel	150
Total	24,206

SOURCE: City of Cambridge Department of Finance.
(1) Represents the number of units.

**VALUE OF NEW CONSTRUCTION (1) AND DISTRIBUTION BY TYPE
Fiscal Years 2021-2025**

Fiscal Year	RESIDENTIAL		COMMERCIAL		TOTAL
	Value	% Distribution	Value	% Distribution	
2025	\$ 204,171,397	15 %	\$ 1,203,421,290	85 %	\$ 1,407,592,687
2024	127,855,223	5	2,392,161,915	95	2,520,017,138
2023	151,885,453	6	2,341,596,453	94	2,493,481,906
2022	141,861,800	7	1,893,639,679	93	2,035,501,479
2021	137,549,210	6	2,190,721,321	94	2,328,270,531

SOURCE: City of Cambridge Inspectional Services Department.
(1) Includes improvements to existing properties.

Climate Change Preparedness

Based on representative community input and the best available science, the City has committed to preparing our community for the unavoidable impacts of climate change. The City is committed to becoming carbon neutral by 2050 or before as part of the global effort to help slow the rate and extent of impacts such as coastal and stormwater flooding, extreme temperatures, and drought.

Cambridge's Office of Sustainability and its Chief Climate Officer position were created in 2024 as a reflection of the need for dedicated leadership to address the urgency and scale of the work ahead. The Office works across City departments to lower risks of harm to City operations, residents, and businesses as extreme weather events become more frequent and severe.

The Resilient Cambridge Plan, the City's 2021 roadmap for climate change preparedness, addresses climate-driven risks from increasing temperatures, increasing precipitation, and rising sea levels looking out to 2070. Until the last decade, all City operations, planning, and investments were based on past weather data. The City is in the process of adapting to increasingly extreme and unpredictable climate-altered weather. Strategies cross four categories: Closer Neighborhoods, Better Buildings, Stronger Infrastructure, and Greener City - and will ultimately involve every City department.

Cambridge's Natural Hazard Mitigation Plan update was completed in early 2025. It is a comprehensive vulnerability assessment and action plan to manage risks to the city's residents, businesses, and infrastructure - now and in the future. Our next steps involve integrating our climate and hazard mitigation plans in order to coordinate emergency management and climate resilient investments.

Cambridge collaborates on regional climate change issues, and projects through the 16-member Metro Mayors Climate Change Task Force, the Resilient Mystic Collaborative, and the Charles River Climate Compact. The City partners closely on resilience with MIT and Harvard University. One of our priority regional projects is to elevate two dams and shorelines downstream of Cambridge and nine other communities to prevent coastal flooding from a 2070 0.5% storm. It's anticipated that storm hardening and elevation of the Amelia Earhart Dam on the Mystic River will be completed by 2030. Work is continuing with the Army Corps of Engineers to elevate the New Charles River Dam. In early 2026, the City will publish a regional report that provides engineering and economic analyses and conceptual designs for the projects across the regional coastal flood control strategy. The report anticipates that this strategy will protect over \$60 billion in property and economic activity and over 100,000 residents from flooding in a projected 2070 0.5% coastal storm.

In November 2025, the Department of Public Works (DPW) released its updated Floodviewer, a web-based tool that provides coastal and precipitation flood risk and elevation data at the individual parcel level for the present, 2050, and 2070. City regulations require that new developments and major renovations prevent flooding from a 2070 10 % annual flooding event and prevent harm from a 2070 1% annual flooding event.

Cambridge is increasingly merging climate resilience and decarbonization goals in municipal projects. For example, the Tobin Montessori and Darby Vassall Upper Schools complex was completed in fall 2025. The complex is highly energy efficient and uses on-site geothermal and solar energy as part of its carbon neutral design. It also includes a 1.25-million-gallon stormwater storage tank to manage neighborhood flooding from extreme rainfall. And it's a beautiful, student-centric building.

To address more frequent and longer extreme heat events, a citywide integrated Heat Emergency Protocol will be completed in time for Summer 2026. The protocol incorporates worker, student, and resident safety guidelines and a community-wide communication campaign. The City's extreme heat planning involves collaborating with universities and non-profits to develop or expand neighborhood resilience centers, public shade structures, access to cool spaces, and cool travel corridors. These efforts will help protect workers, residents and businesses from the impacts of extreme heat while contributing to Cambridge's beauty, fairness, and neighborliness.

Cyber Security

The Information Technology Department (ITD) continues to expand and evolve the City's cybersecurity program and infrastructure. Over the past few years, the City has restructured security roles and responsibilities to include the City's physical and logical security under a single Security Manager. This enables the City to comprehensively manage critical assets, develop and maintain security policies, and identify and mitigate risks and threats.

Key cybersecurity programs and initiatives include:

- **Cybersecurity Framework:** The City has adopted the Center for Internet Security (CIS) Controls as its Cybersecurity framework and performs annual self-assessments against them to identify and improve security controls and policies. This helps to identify areas for strategic investment to improve cybersecurity maturity level across the City. New policies and formal written procedures implemented in the last few years have continued to increase the City's Nationwide Cybersecurity Review (NCSR) Maturity Level Score.
- **Logical Security:** ITD protects the City's network with seven layers of logical security from a Next-Gen Firewall, managed endpoint detection and response services, and extended detection to remote endpoints. The City uses Microsoft productivity applications for email and deploys multiple technologies to protect against online threats and malware.
- **Improved Email Protection:** The City has a robust email protection system to protect against malware, malicious actors, and other email threats. The rollout included developing an online training video and materials, so all users know how they are protected. The system inspects all external inbound emails containing URL's and file attachments and reports on anyone that interacts with potentially harmful email. Users can also self-report and allow automated removal of any messages that do get through but are suspected from within their email client.
- **Email and Cloud File Encryption:** Microsoft Azure Information Protection (AIP) allows the City to discover, classify, and protect documents and emails by applying labels to content. Microsoft 365 Message Encryption enables City users to send and receive encrypted messages between people inside and outside the organization. The City has also deployed disk level encryption via Microsoft BitLocker to every city owned and issued mobile computing device.
- **Annual Nationwide Cybersecurity Reviews (NCSR):** As required by the Department of Homeland Security (DHS) to participate in regional grant opportunities, the City completed an annual NCSR with year on year improvements in scoring based on the NIST-CSF framework.
- **Reputation Analysis:** ITD conducts routine domain (Cambridgema.gov) dark web reputation analysis, scans for compromised account credentials, rogue AP detection, and DNS filtering to prevent data requests from compromised DNS servers via the internet.
- **Vulnerability Scanning:** The DHS conducts ongoing scans of the City's real-world-facing systems and reports immediately any vulnerabilities on systems to trigger remediation actions as needed. Additional reporting is provided weekly on all of the City's externally-accuracy systems. This now includes Web Application Scanning as well as passive scans to provide a deeper level of vulnerability assessment on a recurring basis.
- **Penetration Testing and Security response retainers:** The City maintains an incident response retainer with a major security provider annually so that it can call on them for immediate response should an incident escalate beyond its capacity and require professional support. In addition, that contract is utilized annually to conduct penetration testing of various types each year. The City has done external (public facing connections), internal (within the City's production desktop environment), web application, and most recently a Microsoft Azure cloud penetration test. Results of these tests help us identify and prioritize risks. The findings are used to implement security controls and are always addressed in accordance to the priority the City's third party auditor finds.
- **Security Operations Center (SOC):** The City increased its security posture in 2022 by partnering with an external Security Operations Center (SOC) as a service provider. This new service protects the organization's network by actively monitoring malicious anomalies 24x7 as well as proactively recommending infrastructure changes that would strengthen attack surface and reduce potential future risk. The SOC is authorized to remediate any endpoint anomalies detected immediately and then escalate to the security team internally if additional mitigations are required. Also recently added Identity protection services monitoring the use, misuse, and abuse of accounts. Incidents are similarly escalated as needed and additional account verification and isolation can be programmatically applied to risky account use.
- **Multi Factor Authentication (MFA):** The City is continually working to improve MFA security by offering the latest and most secure MFA factors such as phishing resistant FIDO2 keys and Windows Hello for Business, the authenticator app with number matching, location and app context, to stop MFA fatigue attacks and MFA phishing campaigns. In coordination with best practice guidance from the City's identity provider Microsoft the City is migrating away from legacy auth and outdated and non phish resistant MFA factors by depreciating sms, phone message, and other factors. Phish proof MFA is now mandatory for all Admin accounts as the City continues to progress its MFA usage.

- **Professional Organizations:** The City belongs to the Homeland Security Information Network and the Multi-State Information Sharing and Analysis Center. These groups share information on emerging threats and best practices between security professionals in municipal, state, and federal government organizations.
- **Cybersecurity Incident Response Plan and Tabletop Exercises:** The IT Department has a formal Cybersecurity Incident Response Plan, identifying response team members across the City. The plan includes response, communication, and escalation procedures, as well as a response matrix to help us formalize the response to the myriad of cyber threats that may be encountered.
- **Citywide Cybersecurity Training:** ITD manages the City's participation each October in National Cybersecurity Awareness Month. Recent training covered protecting PII, data protection and privacy in AI, HR phishing lures, fake CAPTCHAs, and physical security at work. Past years have covered indications of account compromise, MFA bypass threats, AI deepfakes, conversational scams, virtual meeting risks, Multi Factor Authentication, cloud document security, and Understanding Artificial Intelligence uses and threats, awareness of compromised devices, working from home, malicious email, Personally Identifiable Information (PII), fraud detection, phishing, safe web browsing, email security, security beyond the office, MFA/2FA, and strong password guidance, as the workforce has adapted to new remote workflows and increased security on City accounts.
- **Written Information Security Program (WISP):** ITD has worked closely with Law, Finance, and Personnel departments to formalize a comprehensive WISP that was published in the summer of 2021, distributed to all employees and reinforced during annual cybersecurity training. This policy also contains several addenda with security questions and OWASP best practices for the City's third-party vendors that is included in all city contracts.
- **Tighter Password Requirements:** ITD has increased the password security of the City's workforce by enabling Microsoft Azure password protection for all cambridgema.gov domain accounts, ensuring that users have a lengthy complex password that meets or exceeds strong authentication requirements. Increased password length, elimination of common passwords and numbers along with increased complexity along with MFA on all accounts keeps them secure.
- **Remote Device Management:** Cloud based management of device security, software updates, and hardware compliance. When computers are in the office on the network or at home connected to the internet they will stay protected from threats, get software and operating system updates, and stay compliant with updated IT policies no matter what internet connection is being used. This also ensures full disk encryption for all laptops to prevent data loss on hardware lost or stolen.
- **Azure Virtual Desktop:** Through the elimination of Virtual Private Network clients and introducing Azure Virtual Desktop, the City provides a more secure and more accessible way for remote workers to perform their tasks from any trusted device that is not on City networks. This lowers the threat of interconnecting hundreds of home and remote networks with the secure City network. Additionally, Azure Virtual Desktop segregates the City's data network from the remote computer, this prevents malicious files from being transferred to the City network. All third-party vendors in the last year have been removed from traditional VPN endpoints and moved into AVD to eliminate unmanaged vendor devices from connecting to the City's network for maintenance and support.
- **Technology Training Portal:** The IT Department has centralized and consolidated technical training resources into one simple website for all tech training needs. The site is updated throughout the year with current topical resources developed in house, with partners, and from service providers. The site allows the user to schedule technical training sessions, browse historical document libraries of reference materials and technical guides on topics from cybersecurity awareness to the broad range of software applications.
- **Responsible AI Adoption:** The City published AI guidelines for employees to help them understand and responsibly navigate AI tools the City officially supports, and understand the inherent risks and biases associated with free public AI tools. By incorporating AI adoption and procurement into the governance review process the City is aligning and expanding the responsibility of its e-governance committees to understand, evaluate, and recommend responsible AI solutions for innovative business needs while being mindful of data privacy and compliance requirements.

Education

The City public school enrollment totals 7,089 for the 2025-2026 school year. It is projected that enrollment will increase after 2026 and then begin to drop in the future. In addition to the public school system, as of January 2025, there are approximately 1,296 Cambridge residents attending private and parochial schools throughout the Greater Boston area. In addition, there are 476 students attending the three charter schools located in the Greater Boston area, 26 students attending out of district public schools, and approximately 38 students being home-schooled.

**PUBLIC SCHOOL ENROLLMENT PROJECTIONS
SCHOOL YEARS 2025-2030 – YEARS BEGINNING OCTOBER 1**

	Actual	Projected				
	2025	2026	2027	2028	2029	2030
PreK-5th Grade	3,564	3,588	3,526	3,470	3,371	3,305
6th-8th Grade	1,302	1,329	1,356	1,358	1,362	1,346
9th-12th Grade	2,096	2,145	2,156	2,188	2,261	2,305
Tuitioned-out	127	118	118	118	118	118
Totals	7,089	7,180	7,156	7,134	7,112	7,074

SOURCE: Cambridge School Department.

**PUBLIC SCHOOL ENROLLMENT HISTORY
YEARS BEGINNING OCTOBER 1**

Year	PreK-5	6-8	PreK-8	9-12	Tuitioned-out	Total	Percentage Change
2025	3,564	1,302	4,866	2,096	127	7,089	(0.67)%
2024	3,656	1,299	4,955	2,072	110	7,137	1.6
2023	3,694	1,243	4,937	1,979	109	7,028	4.14
2022	3,559	1,201	4,760	1,867	119	6,746	1.3
2021	3,544	1,201	4,745	1,867	125	6,737	(1.19)

SOURCE: Cambridge School Department.

Higher Education

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

Harvard University, the nation’s oldest institution of higher learning, was established by the Great and General Court of the Massachusetts Bay Colony in 1636, just 16 years after the Pilgrims landed at Plymouth Rock. Harvard has grown from a school of 12 students and a single master to a university with an enrollment of more than 36,000 students that includes approximately 20,000 full-time degree-seeking students on the Cambridge campus.

Harvard University is located primarily in Harvard Square. The various schools and colleges include facilities of Harvard College (the undergraduate portion of the University) as well as the Graduate School of Arts and Sciences, The Radcliffe Institute, the Graduate School of Education, Harvard Kennedy School of Government, the Harvard Law School, the Harvard Divinity School, the Graduate School of Design, the John A. Paulson School of Engineering and Applied Sciences, and multiple libraries including the Widener Library as well as multiple performance venues such as the Loeb Drama Center (home of the American Repertory Theater).

Additional facilities include more than 18 museums, including the Fogg Museum, The Busch Reisinger Museum, and the Arthur M. Sackler Museum, all of which are incorporated in the Harvard Art Museums complex. Other museums include the Museum of Comparative Zoology, the Peabody Museum, and the Museum of Natural History. In addition to serving as teaching and research facilities, most of these museums are also open to the public. In addition, public programs are conducted at the Harvard College Observatory and the Harvard Smithsonian Observatory.

While M.I.T. began its life as a land-grant university across the Charles River, in Boston, the Institute moved to Cambridge in 1916.

The facilities of the undergraduate and graduate schools for M.I.T., with an enrollment of over 11,934 degree candidates, are located in the Kendall Square area of the City. These include the Graduate School for Architecture and Planning, the Sloan School of Management, the School of Science, the School of Humanities and Social Science, and the School of Engineering.

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

The Cambridge Public Health Commission

In June 1996, the Massachusetts legislature enacted special legislation submitted by the City which created the Cambridge Public Health Commission (doing business as the Cambridge Health Alliance). Under the special legislation, the City's Department of Health and Hospitals, which include the Cambridge Hospital and the Department of Public Health, was transferred to the Commission. The primary objective of the legislation was to give the Commission the flexibility to respond to the major changes in the health care industry resulting from the consolidation and mergers of health care providers. The legislation established the Commission as a public instrumentality governed by a board of nineteen members who are appointed by the City Manager. The affairs of the Commission are administered by a chief executive officer who is appointed by the Commission board.

In accordance with the special legislation, on July 1, 1996, all employees, assets and liabilities of the former City Department of Health and Hospitals were transferred from the City to the Commission, with the exception of existing pension and general obligation debt liabilities. The operation of the Department's real property was transitioned from the City to the Commission via a fifty-year lease agreement.

Consistent with its general purpose to create a healthcare organization with the flexibility to respond to changes in healthcare, the special legislation allows the Commission to affiliate with or acquire other area health care providers. In particular, it expressly authorized the Commission to acquire Somerville Hospital and its neighborhood health centers, which acquisition occurred July 1, 1996. In July, 2001, the Commission acquired Whidden Memorial Hospital in Everett. The Commission also operates health centers in Malden, Everett, Revere and the surrounding Metro-North communities and will evaluate other affiliation opportunities as they arise. The Commission operates its three hospital campuses and its network of primary care and specialty health center sites under a single hospital license issued by the Massachusetts Department of Public Health.

As provided in the special legislation, the City and the Commission have entered into an agreement for the Commission to serve as the City's Public Health Department. The compensation to be paid by the City and the services to be provided by the Commission are outlined in a contract originally entered into in 1997. Effective July 1, 2025, the City and the Commission extended this contract for an additional seven years until June 30, 2030, through an amendment providing for modest increases over that period.

The alliance reported a change in net position of \$55.4 million and \$5.8 million for fiscal years 2025 and 2024, respectively. The operating revenues increased \$101.6 million from fiscal year 2024 to 2025. Net patient service revenue increased \$28.7 million which is attributed increased inpatient behavioral health bed days and Clinic visits. Other Operating Revenues increased by \$49.1 million mainly due an increase in retail pharmacy revenue. The Patient care operating expenses increased \$65.4 million from fiscal year 2024 to 2025 with salaries and benefits expense increasing \$45.7 million over fiscal year 2024.

PROPERTY TAXATION

Tax Levy Computation

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

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

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

The table below illustrates the manner in which the tax levy was determined for each of the following fiscal years.

TAX LEVY COMPUTATION

	Fiscal 2022	Fiscal 2023	Fiscal 2024	Fiscal 2025	Fiscal 2026
Total Appropriations (1)	\$ 922,379,186	\$ 911,835,617	\$ 961,507,441	\$ 1,057,352,253	\$ 1,109,125,753
Additions:					
State and County Assessments	30,930,036	34,251,515	35,560,673	34,175,216	35,976,858
Overlay for Current Year	4,426,877	4,124,387	4,421,864	4,692,865	4,421,348
Other Amounts to be Raised	767,887	2,457,742	2,281,352	1,924,559	267,805
Total Additions	<u>36,124,800</u>	<u>40,833,644</u>	<u>42,263,889</u>	<u>40,792,640</u>	<u>40,666,011</u>
Gross Amount to be Raised	<u>958,503,986</u>	<u>952,669,261</u>	<u>1,003,771,329</u>	<u>1,098,144,893</u>	<u>1,149,791,764</u>
Deductions:					
Local Estimated Receipts	194,418,192	205,230,640	225,488,315	235,187,955	229,464,370
Community Preservation Revenues (2)	18,096,304	21,964,480	22,652,323	22,965,511	22,959,000
State Aid (3):					
Current Year	45,617,157	51,228,018	52,077,602	50,958,376	53,537,485
Available Funds (4):					
Free Cash	76,859,102	63,231,721	68,701,381	75,953,102	95,010,702
Other Available Funds	128,781,239	79,585,831	59,433,220	84,691,197	69,967,736
Total Other Revenue	<u>463,771,994</u>	<u>421,240,690</u>	<u>428,352,841</u>	<u>469,756,140</u>	<u>470,939,293</u>
Net Amount to be Raised (Tax Levy)	<u><u>\$494,731,992</u></u>	<u><u>\$531,428,571</u></u>	<u><u>\$575,418,489</u></u>	<u><u>\$628,388,753</u></u>	<u><u>\$678,852,471</u></u>

- (1) Includes additional appropriations from taxation voted subsequent to adoption of the annual budget but prior to setting of the tax rate.
- (2) Includes appropriations of fund balance to fund continuing appropriations of prior years. See "Community Preservation Fund Major Revenues" herein.
- (3) Estimated by various state agencies and required by law to use in setting of the tax rate. Actual state aid payments may vary upward or downward from said estimates, and the State may withhold payments pending receipt of State and County assessments. See "CITY FINANCES—Revenues—State Aid". Transfers from other available funds, including "Free Cash" (see "CITY FINANCES") generally made as an offset to a particular appropriation item.
- (4) Includes overlay surplus reserve fund for each year and transfers from the water and sewer accounts to cover indirect costs incurred in the general fund.

Assessed Valuations and Tax Levies

Property is classified for the purpose of taxation according to its use. The legislature has in substance created four classes of taxable property: (1) residential real property, (2) open space land, (3) commercial and (4) industrial. Within limits, cities and towns are given the option of determining the share of the annual levy to be borne by each of the categories. The share required to be borne by residential real property is at least 50 per cent of its share of the total taxable valuation; the effective rate for open space must be at least 75 per cent of the effective rate for residential real property; and the share of commercial, industrial and personal property must not exceed 175 percent of their share of the total valuation. A city or town may also exempt up to 35 percent of the valuation of residential real property (where used as the taxpayer’s principal residence) and up to 10 percent of the valuation of commercial real property (where occupied by certain small businesses). Property may not be classified in a city or town until the State Commissioner of Revenue certifies that all property in the city or town has been assessed at its fair cash value. Such certification must take place every five years, or pursuant to a revised schedule as may be issued by the Commissioner.

Related statutes provide that certain agricultural or horticultural land (assessed at the value it has for these purposes) and recreational land (assessed on the basis of its use at a maximum of 25 percent of its fair cash value) are all to be taxed at the rate applicable to commercial property.

The following table sets forth the trend in the City’s assessed valuations, tax rates, tax levies by property types.

Fiscal Year	Real Estate Valuation	Personal Property Valuation	Total Assessed Valuation	Tax Rate Per \$1,000 Valuation		Gross Levy
				Residential Property	Commercial, Industrial, Personal Property	
2026	\$ 70,555,803,095	\$ 2,555,753,198	\$ 73,111,556,293	\$ 6.67	\$ 14.07	\$ 678,852,471
2025	73,703,417,387	2,537,182,263	76,240,599,650	6.35	11.52	628,388,753
2024	73,444,659,529	2,438,935,270	75,883,594,799	5.92	10.46	575,418,489
2023	68,931,096,921	2,208,815,600	71,139,912,521	5.86	10.38	531,428,571
2022	61,992,953,957	1,959,999,780	63,952,953,737	5.92	11.23	494,731,992

Classification of Property

The following is a breakdown of the City’s fiscal 2026, 2025 and 2024 real estate valuation by type of property.

Property Type	2026		2025		2024	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
Residential	\$ 41,167,007,215	56.3 %	\$ 40,134,122,674	52.6 %	\$ 39,460,679,997	52.0 %
Commercial	12,661,975,602	17.3	14,876,049,975	19.5	16,032,578,283	21.1
Industrial	16,726,820,278	22.9	18,693,244,738	24.5	17,951,401,249	23.7
Personal	2,555,753,198	3.5	2,537,182,263	3.3	2,438,935,270	3.2
Total Assessed Value	\$ 73,111,556,293	100.0 %	\$ 76,240,599,650	100.0 %	\$ 75,883,594,799	100.0 %

Largest Taxpayers

The following table sets forth the City's 10 largest taxpayers of real estate and personal property taxes and the assessed value of property owned by each such taxpayer. Most commercial property owners in Cambridge own multiple parcels of property with many different uses and tenants, providing considerable diversification of the City's property tax revenue base. The aggregate assessed value of the 10 largest taxpayers represents 29.9 percent of the City's total tax base for fiscal 2026. All taxpayers listed are current in their payments.

TEN LARGEST TAXPAYERS Fiscal Year 2026 (1)

#	Property Owner	Nature of Business	Assessed Valuation	% of Total Tax Base	Real Property Taxes	% of Total Tax Levy
1	Mass. Institute of Technology	Education ⁽¹⁾	\$8,028,010,600	11.0%	\$107,868,340	15.9%
2	Alexandria Real Estate	Commercial	3,696,576,800	5.1	51,991,732	7.7
3	Boston Properties	Commercial	2,516,833,200	3.4	34,416,052	5.1
4	BioMed Realty Trust	Commercial	2,251,508,700	3.1	31,652,633	4.7
5	DivcoWest	Commercial	1,708,717,800	2.3	21,089,480	3.1
6	Healthpeak	Commercial	1,132,042,000	1.5	15,927,831	2.3
7	MBA-Rogers Street, LLC	Commercial	758,448,900	1.0	10,517,534	1.5
8	Presidents and Fellows of Harvard College	Education ⁽¹⁾	871,539,400	1.2	7,353,668	1.1
9	RREEF American Reit II Corp	Commercial	482,974,700	0.7	6,795,454	1.0
10	Novartis Pharmaceuticals	Commercial	446,090,400	0.6	6,276,492	0.9
Total			\$21,892,742,500	29.9%	\$293,889,216	43.3%
Total FY26 Assessed Valuation			\$73,111,556,293			
Total FY26 Tax Levy					\$678,852,471	

SOURCE: City of Cambridge, Assessing Department.

(1) Does not include Payments in Lieu of Taxes.

State Equalized Valuation

In order to determine appropriate relative values for the purposes of certain distributions to and assessments upon cities and towns, the Commissioner of Revenue biennially makes a redetermination of the fair cash value of the taxable property in each municipality as of January 1 of even numbered years. This is known as the "equalized value".

The following table sets forth the trend in State equalized valuations of the City.

Year	State Equalized Valuation	% Increase
2024	\$85,379,281,500	21.39 %
2022	70,337,058,800	10.76
2020	63,505,735,500	28.43
2018	49,449,365,600	24.96
2016	39,570,828,700	33.08

SOURCE: State Department of Revenue.

Abatements and Overlay

A city or town is authorized to increase each tax levy by an amount approved by the State Commissioner of Revenue as an “overlay” to provide for tax abatements. If abatements are granted in excess of the applicable overlay reserve, the excess is required to be added to the next tax levy.

Abatements are granted where exempt real or personal property has been assessed or where taxable real or personal property has been overvalued or disproportionately valued. The assessors may also abate uncollectible personal property taxes. The uncollected real property taxes are ordinarily not written off until they become municipal “tax titles” by purchase at the public sale or by taking, at which time the tax is written off in full by reserving the amount of the tax and charging surplus.

The table below sets forth the amount of the overlay reserve for the following fiscal years and actual abatements granted through June 30, 2025 against each levy.

Fiscal Year	Net Tax Levy(1)	Overlay Reserve		Abatements Granted Through June 30, 2025
		Dollar Amount	As a % of Net Levy	
2025	\$ 623,695,888	\$ 4,692,865	0.75 %	\$ 1,265,885
2024	570,996,625	4,421,864	0.77	1,588,044
2023	527,304,184	4,124,387	0.78	2,252,678
2022	490,305,115	4,426,877	0.90	1,393,309
2021	468,176,830	4,343,318	0.93	2,734,666

(1) Tax levy prior to addition of overlay reserve.

Tax Collections

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

The table below compares the City’s net tax collections with its net (gross tax levy less overlay reserve for abatements) tax levies for the following fiscal years.

Fiscal Year	Gross Tax Levy	Overlay Reserve for Abatements	Net (1) Tax Levy	Collections During Fiscal Year Payable (2)		Collections as of January 15, 2026	
				Dollar Amount	% of Net Levy	Dollar Amount	% of Net Levy
2026	\$678,852,471	\$4,421,348	\$674,431,123	N/A	N/A	\$338,201,689	50.15 %
2025	628,388,753	4,692,865	623,695,888	\$625,204,870	100.24 %	627,210,417	100.56
2024	575,418,489	4,421,864	570,996,625	573,509,694	100.44	577,584,351	101.15
2023	531,428,571	4,124,387	527,304,184	528,067,076	100.14	532,584,480	101.00
2022	494,731,992	4,426,877	490,305,115	492,322,323	100.41	495,499,337	101.06
2021	472,520,148	4,343,318	468,176,830	470,206,995	100.43	474,081,148	101.26

(1) Net after deduction of overlay reserve for abatements.

(2) Actual dollar collections, net of refunds. Does not include abatements, proceeds of tax titles or tax possessions attributable to each levy.

Tax Titles and Possessions

Real property (land and buildings) is subject to a lien for the taxes assessed upon it, subject to any paramount federal lien and subject to bankruptcy and insolvency laws. (In addition, real property is subject to a lien for certain unpaid municipal charges or fees.) If the property has been transferred, an unenforced lien expires on the fourth December 31 after the end of the fiscal year to which the tax relates. If the property has not been transferred by the fourth December 31, an unenforced lien expires upon a later transfer of the property. Provision is made, however, for continuation of the lien where it could not be enforced because of a legal impediment. The persons against whom real or personal property taxes are assessed are personally liable for the tax (subject to bankruptcy and insolvency laws). In the case of real property, this personal liability is effectively extinguished by sale or taking of the property as described below.

Massachusetts law permits a municipality either to sell by public sale (at which the municipality may become the purchaser) or to take real property for nonpayment of taxes. In either case the property owner can redeem the property by paying the unpaid taxes, with interest and other charges, but if the right of redemption is not exercised within 12 months (which may be extended in the case of certain installment payments), it can be foreclosed by petition to the Land Court. Upon foreclosure, a tax title purchased or taken by the municipality becomes a "tax possession" and may be held and disposed of in the same manner as other land held for municipal purposes. The municipality must notify the former property owner of its intent to retain possession of or sell the property, as well as any "excess equity" (i.e., any remaining surplus amount above taxes, fees, and charges owed to or incurred by the municipality) the former owner may be entitled to in either case. The former owner may submit a claim for return of any excess equity within 18 months of being notified. Any excess equity not yet returned to the former owner must be held in a separate interest-bearing account.

Former owners of property foreclosed upon on or before May 24, 2021 are not eligible to submit claims for return of excess equity. At this time, it is not clear whether such owners may be able to make constitutional claims for return of excess equity outside of the statutory scheme concerning property foreclosed upon before May 24, 2021.

The table below sets forth the balances of tax titles and possessions at the end of the following fiscal years.

<u>Fiscal Year</u>	<u>Total Tax Titles and Possessions</u>
2025	\$3,593,843
2024	4,608,965
2023	3,693,400
2022	3,477,948
2021	2,765,691

Taxation to Meet Deficits

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

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

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

Tax Limitations

Chapter 59, Section 21C of the General Laws, also known as Proposition 2½, imposes two separate limits on the annual tax levy of a city or town.

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

For cities and towns at or below the primary limit, a secondary limitation is that the tax levy cannot exceed the maximum levy limit for the preceding fiscal year as determined by the State Commissioner of Revenue by more than 2½ percent, subject to exceptions for property added to the tax rolls or property which has had an increase, other than as part of a general revaluation, in its assessed valuation over the prior year's valuation.

This "growth" limit on the tax levy may be exceeded in any year by a majority vote of the voters, but an increase in the secondary or growth limit under this procedure does not permit a tax levy in excess of the primary limitation, since the two limitations apply independently. In addition, if the voters vote to approve taxes in excess of the "growth" limit for the purpose of funding a stabilization fund, such increased amount may only be taken into account for purposes of calculating the maximum levy limit in each subsequent year if the board of selectmen, select board or town council of a town or the city council of a city votes by a two-thirds vote to appropriate such increased amount in such subsequent year to the stabilization fund.

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

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

The statute further provides that the voters may exclude from the taxes subject to the tax limits and from the calculation of the maximum tax levy (a) the amount required to pay debt service on bonds and notes issued before November 4, 1980, if the exclusion is approved by a majority vote of the voters, and (b) the amount required to pay debt service on any specific subsequent issue for which similar approval is obtained. Even with voter approval, the holders of the obligations for which unlimited taxes may be assessed do not have a statutory priority or security interest in the portion of the tax levy attributable to such obligations. It should be noted that Massachusetts General Laws Chapter 44, Section 20 requires that the taxes excluded from the levy limit to pay debt service on any such bonds and notes be calculated based on the true interest cost of the issue.

Voters may also exclude from the Proposition 2½ limits the amount required to pay specified capital outlay expenditures or for the city or town's apportioned share for certain capital outlay expenditures by a regional governmental unit. In addition, the city council of a city, with the approval of the mayor if required, or the board of selectmen, select board or the town council of a town may vote to exclude from the Proposition 2½ limits taxes raised in lieu of sewer or water charges to pay debt service on bonds or notes issued by the municipality (or by an independent authority, commission or district) for water or sewer purposes, provided that the municipality's sewer or water charges are reduced accordingly.

In addition, Proposition 2½ limits the annual increase in the total assessments on cities and towns by any county, district, authority, the Commonwealth or any other governmental entity (except regional school districts, the MWRA and certain districts for which special legislation provides otherwise) to the sum of (a) 2½ percent of the prior year's assessments and (b) "any increases in costs, charges or fees for services customarily provided locally or for services subscribed to at local option". Regional water districts, regional sewerage districts and regional veterans districts may exceed these limitations under statutory procedures requiring a two-thirds vote of the district's governing body and either approval of the local appropriating authorities (by two-thirds vote in districts with more than two members or by majority vote in two-member districts) or approval of the registered voters in a local election (in the case of two-member districts). Under Proposition 2½ any State law to take effect on or after January 1, 1981 imposing a direct service or cost obligation on a city or town will become effective only if accepted or voluntarily funded by the city or town or if State funding is provided. Similarly, State rules or regulations imposing additional costs on a city or town or laws granting or increasing local tax exemptions are to take effect only if adequate State appropriations are provided. These statutory provisions do not apply to costs resulting from judicial decisions. The City has not voted to exempt the debt service on the Bonds from the limitations of Proposition 2½.

Tax Levies and Levy Limits (1)

	For Fiscal Year				
	2026	2025	2024	2023	2022
Primary Levy Limit (2)	\$ 1,827,788,907	\$ 1,906,014,991	\$ 1,897,089,870	\$ 1,778,497,813	\$ 1,598,823,843
Prior Fiscal Year Levy Limit	817,489,132	773,962,934	732,559,708	691,327,733	659,696,719
Prior Fiscal Year Growth	(1,235)	(8,660)	(14,876)	(4,739)	11,837
2.5% Levy Growth	20,437,197	19,348,857	18,313,621	17,283,075	16,492,714
New Growth (3)	13,783,350	24,186,001	23,104,481	23,953,639	15,126,463
Overrides	-	-	-	-	-
Growth Levy Limit	851,708,444	817,489,132	773,962,934	732,559,708	691,327,733
Debt Exclusions	-	-	-	-	-
Capital Expenditure Exclusions	-	-	-	-	-
Other Adjustments	-	-	-	-	-
Tax Levy Limit	851,708,444	817,489,132	773,962,934	732,559,708	691,327,733
Tax Levy	678,852,471	628,388,753	575,418,489	531,428,571	494,731,992
Unused Levy Capacity (4)	172,855,973	189,100,379	198,544,445	201,131,137	196,595,741
Unused Primary Levy Capacity (5)	\$ 976,080,463	\$ 1,088,525,859	\$ 1,123,126,936	\$ 1,045,938,105	\$ 907,496,110

(1) Source: Massachusetts Department of Revenue.

(2) 2.5% of assessed valuation.

(3) Allowed increase for new valuations (or required reduction) - certified by the Department of Revenue.

(4) Tax Levy Limit less Tax Levy.

(5) Primary Levy Limit less Growth Levy Limit.

Initiative Petitions

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

Pledged Taxes

Taxes on the increased value of certain property in designated development districts may be pledged for the payments of costs of economic development projects within such districts and may therefore be unavailable for other municipal purposes. (See "Tax Increment Financing for Development Districts" herein.)

Community Preservation Act

The Massachusetts Community Preservation Act (the "CPA") permits cities and towns that accept its provisions to levy a surcharge on its real property tax levy, dedicate revenue (other than state or federal funds) and to receive state matching funds for (i) the acquisition, creation, preservation, rehabilitation and restoration of land for recreational use, open space, and community housing, and (ii) the acquisition, preservation, rehabilitation and restoration of historic resources. The provisions of the CPA must be accepted by the voters of the city or town at an election after such provisions have first been accepted by either a vote of the legislative body of the city or town or an initiative petition signed by 5% of its registered voters.

A city or town may approve a surcharge of up to 3% (but not less than 1% under certain circumstances) and may make an additional commitment of funds by dedicating revenue other than state or federal funds, provided that the total funds collected do not exceed 3% of the real property tax levy, less any exemptions adopted (such as an exemption for low-income individuals and families and for low and moderate-income senior citizens, an exemption for \$100,000 of the value of each taxable parcel of residential real property or \$100,000 of the value of each taxable parcel of class three, commercial property, and class four, industrial property as defined in Chapter 59, Section 2A of the General Laws, and an exemption for commercial and industrial properties in cities and towns with classified tax rates). In the event that the municipality shall no longer dedicate all or part of the additional funds to community preservation, the surcharge on the real property tax levy of not less than 1% shall remain in effect, provided that any such change must be approved pursuant to the same process as acceptance of the CPA. The surcharge is not counted in the total taxes assessed for the purpose of determining the permitted levy amount under Proposition 2½ (see "Tax Limitations" under "PROPERTY TAXATION" herein). A city or town may revoke its acceptance of the provisions of the CPA at any time after 5 years from the date of such acceptance and may change the amount of the

surcharge or the exemptions to the surcharge at any time, including reducing the surcharge to 1% and committing additional municipal funds as outlined above, provided that any such revocation or change must be approved pursuant to the same process as acceptance of the CPA.

Any city or town that accepts the provisions of the CPA will receive annual state matching grants to supplement amounts raised by its surcharge on the real property tax levy and any other revenue dedicated pursuant to the CPA. The state matching funds are raised from certain recording and filing fees of the registers of deeds. Those amounts are deposited into a state trust fund and are distributed to cities and towns that have accepted the provisions of the CPA, which distributions are not subject to annual appropriation by the state legislature. The amount distributed to each city and town is based on a statutory formula and the total state distribution made to any city or town may not exceed 100% of the amount raised locally by the surcharge on the real property tax levy.

The amounts raised by the surcharge on real property taxes, the amounts of other dedicated revenues and the amounts received in state matching funds are required to be deposited in a dedicated community preservation fund. Each city or town that accepts the provisions of the CPA is required to establish a community preservation committee to study the community preservation needs of the community and to make recommendations to the legislative body of the city or town regarding the community preservation projects that should be funded from the community preservation fund. Upon the recommendations of the committee, the legislative body of the city or town may appropriate amounts from the fund for permitted community preservation purposes or may reserve amounts for spending in future fiscal years, provided that at least 10% of the total annual revenues to the fund must be spent or set aside for open space purposes, 10% for historic resource purposes and 10% for community housing purposes.

The CPA authorizes cities and towns that accept its provisions to issue bonds and notes in anticipation of the receipt of surcharge and other dedicated revenues to finance community preservation projects approved under the provisions of the CPA. Bonds and notes issued under the CPA are general obligations of the city or town and are payable from amounts on deposit in the community preservation fund. In the event that a city or town revokes its acceptance of the provisions of the CPA, the surcharge shall remain in effect until all contractual obligations incurred by the city or town prior to such revocation, including the payment of bonds or notes issued under the CPA, have been fully discharged.

The City has accepted the provisions of the CPA and set the surcharge at 3%. The City implemented the program in fiscal 2002 and will utilize revenues to pay for a variety of qualifying projects.

Community Preservation Fund Major Revenues

Fiscal Year	Property Tax	State Contribution	All Other	Total
2026 (1)	\$9,351,501	\$3,009,538	\$333,415	\$12,694,454
2025	17,576,153	2,958,291	571,983	21,106,427
2024	16,221,200	3,183,000	402,497	19,806,697
2023	7,550,160	5,417,842	14,614	12,982,616
2022	13,886,745	5,873,769	11,921	19,772,435
2021	13,190,020	3,542,118	9,238	16,741,376

(1) As of January 21, 2026.

As of June 30, 2025, the CPA Fund had a balance available for appropriations of \$9,406,124.

CITY FINANCES

Budget and Appropriation Process

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

City department heads are generally required to submit their budget requests to the mayor or city manager between January 2 and March 1. This does not apply to the school department, which must submit its requests in time for the mayor or manager to include them in his submission to the council.

If the mayor or manager does not make a timely budget submission, provision is made for preparation of a budget by the council. Provision is also made for supplementary appropriations upon recommendation of the mayor or manager.

Under certain circumstances and subject to certain limits and requirements, the city council of a city, upon the recommendation of the mayor, may transfer amounts appropriated for the use of one department (except for a municipal light department or a school department) to another appropriation for the same department or for the use of any other department.

Water and sewer department expenditures are generally included in the budgets adopted by city councils but electric and gas department funds may be appropriated by the municipal light boards. Under certain legislation any city which accepts the legislation may provide that the appropriation for the operating costs of any department may be offset, in whole or in part, by estimated receipts from fees charged for services provided by the department. It is assumed that this general provision does not alter the pre-existing power of an electric or gas department to appropriate its own receipts.

The school budget is limited to the total amount appropriated by the city council, but the school committee retains full power to allocate the funds appropriated. State legislation known as the Education Reform Act of 1993, as amended, imposes certain minimum expenditure requirements on municipalities with respect to funding for education. The requirements are determined on the basis of formulas affected by various measures of wealth and income, enrollments, prior levels of local spending and state aid, and other factors. (See footnotes to "Tax Levy Computation" above and "State Aid" below.)

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

The following table shows a comparison of the budgeted operating revenues and expenditures of the City for fiscal years 2022 through 2026. Health insurance, retirement and certain other employee benefit costs are included in departmental budgets.

The fiscal year 2026 adopted operating budget of \$991,181,320 includes all appropriations made to operating budgets prior to the calculation of the fiscal year 2026 tax rate. The fiscal year 2026 operating budget represents an increase of \$35,596,970 or 3.7% over the fiscal year 2025 adopted budget. Increases in the fiscal year 2026 budget include salary adjustments for employees which are spread over most City departments, debt service costs, health and retirement costs, MWRA and State (Cherry Sheet) Assessments, energy costs, expanded initiatives and key City priorities, and additional school expenditures of \$12,075,000.

BUDGET COMPARISON (1)
(\$ in 000s)

	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
Revenues:					
Real & Personal Property Taxes (1)	\$494,732	\$531,429	\$575,418	\$628,389	\$678,852
Local Estimated Receipts:					
Motor Vehicle Excise	\$7,850	\$7,850	\$7,850	\$7,850	\$7,850
Water	\$13,742	\$16,751	\$19,436	\$20,867	\$21,160
Sewer	\$58,738	\$62,811	\$67,537	\$74,167	\$77,620
Interest Income	\$1,665	\$700	\$6,960	\$5,425	\$7,498
Other Local Receipts	\$112,423	\$117,119	\$123,705	\$125,804	\$115,336
Subtotal	\$194,418	\$205,231	\$225,488	\$234,113	\$229,464
State Aid	\$45,617	\$51,228	\$52,078	\$50,056	\$53,537
Other Available Funds	\$20,892	\$18,655	\$37,425	\$45,026	\$36,193
Total Revenues	<u>\$755,659</u>	<u>\$806,543</u>	<u>\$890,409</u>	<u>\$957,584</u>	<u>\$998,046</u>
Expenditures:					
Deficits to be Raised:					
Overlay	\$0	\$0	\$0	\$0	\$0
Other	\$182	\$0	\$0	\$0	\$0
Subtotal Deficits	\$182	\$0	\$0	\$0	\$0
Overlay Reserve	\$4,427	\$4,124	\$4,422	\$4,693	\$4,421
Fixed Expenses:					
State & County Assessments	\$20,152	\$23,311	\$24,214	\$22,363	\$23,880
Mass. Water Resources Authority	\$27,944	\$28,791	\$30,601	\$31,601	\$33,070
Debt Service (2)	\$82,441	\$87,267	\$89,586	\$101,890	\$109,100
Retirement System (3)	\$38,226	\$44,201	\$50,677	\$57,738	\$44,236
MBTA	\$10,778	\$10,940	\$11,363	\$11,812	\$12,100
Cambridge Public Health Commission	\$7,600	\$7,750	\$8,316	\$8,671	\$8,885
Other Fixed Costs (4)	\$5,555	\$4,218	\$5,464	\$5,122	\$73,570
Subtotal Fixed	\$192,695	\$206,478	\$220,221	\$239,197	\$304,841
Variable Expense (Budget):					
Schools	\$223,718	\$232,389	\$245,000	\$268,250	\$280,250
Police	\$68,731	\$73,529	\$78,367	\$80,946	\$55,823
Fire	\$59,035	\$63,544	\$70,462	\$74,755	\$49,512
Public Works:					
Water	\$13,017	\$13,538	\$15,503	\$16,247	\$13,603
Other (5)	\$54,056	\$59,067	\$69,095	\$73,911	\$61,534
General Government	\$26,319	\$28,392	\$23,107	\$20,284	\$68,764
Other Variable	\$113,479	\$125,482	\$164,232	\$179,301	\$159,298
Subtotal Variable	\$558,355	\$595,941	\$665,766	\$713,694	\$688,784
Total Expenditures	<u>\$755,659</u>	<u>\$806,543</u>	<u>\$890,409</u>	<u>\$957,584</u>	<u>\$998,046</u>

(1) Before tax abatements and after recap adjustments.

(2) School costs for this category are included in the School Budget and Water costs are included in the Water Budget.

(3) Contributory Retirement System costs are included in departmental budgets.

(4) Most of the components of the Other Fixed Costs category, including health insurance costs, are included in the departmental budgets.

(5) The Sewer and Highway Divisions now included in the "Other" category.

Source: City Department of Finance.

Revenues

All of the amounts below were extracted from the audited financial statements of the City, except for the MWRA assessments.

Property Taxes: Property taxes are the major source of revenue for the City. The total amount levied is subject to certain limits prescribed by law; for a description of those limits see "PROPERTY TAXATION--Property Tax Limitation" above.

Federal Aid: Although the major source of federal aid to the City, Community Development Block Grant funds, has been reduced in recent years, programs funded through this source have not been affected. Current revenues have been used, in most cases, to fund programs previously supported by Block Grant funds. In addition, bond proceeds have been utilized to offset reductions in funding of capital projects. The table below shows the trend in the City's federal aid over the last five fiscal years.

Fiscal Year	Community Development Block Grant	Other	Total From Federal Government
2025	\$2,949,170	\$24,304,248	\$27,256,418
2024	2,176,809	29,084,489	31,261,298
2023	2,375,787	33,553,207	33,928,994
2022	3,305,682	72,178,359	75,484,038
2021	3,849,700	49,479,214	53,328,914

State Aid: The City's state aid entitlement is based upon a number of different formulas, and while said formulas might indicate that a particular amount of state aid is owed, the amount of state aid actually paid is limited to the amount appropriated by the state legislature. The state annually estimates state aid but actual payments may vary from the estimate. The table below shows the trend in the City's state aid over the last five fiscal years.

Fiscal Year	School Operations	Other	Total From State
2025	\$23,069,424	\$27,153,778	\$50,223,202
2024	22,546,688	25,995,440	48,542,128
2023	21,584,273	25,229,035	46,813,308
2022	19,944,779	24,194,568	44,139,347
2021	18,489,564	23,760,416	42,249,980

Motor Vehicle Excise: An excise is imposed on the registration of motor vehicles (subject to exemptions) at a rate of \$25 per \$1,000 of valuation. The excise is collected by and for the benefit of the municipality in which the motor vehicle is customarily kept. Valuations are determined by a statutory formula based on manufacturer's list price and year of manufacture. Bills not paid when due bear interest at 12 percent per annum. Provision is also made, after notice to the owner, for suspension of the owner's operating license or registration by the registrar of motor vehicles. The trend in motor vehicle excise tax receipts is shown in the table below.

Fiscal Year	Receipts (1)
2025	\$8,059,479
2024	8,063,203
2023	8,087,645
2022	7,776,308
2021	8,167,785

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

Water and Sewer: The City’s water operations are accounted in an enterprise fund. The City’s sewer operations are accounted in its General Fund. The City’s policy is to set water and sewer rates to recover fully all costs of operations, including overhead and debt service.

The City uses a block rate system to encourage water conservation and to provide a more equitable billing system. The block rates below commenced with the water/sewer usage as of April 1, 2025.

Block	Quarterly Consumption (1)	Fiscal 2026 Water Rate	Fiscal 2026 Sewer Rate
1	0 to 40 CcF	\$3.84	\$17.12
2	41 to 400 CcF	4.10	18.10
3	401 to 2,000 CcF	4.36	19.45
4	2,001 to 10,000 CcF	4.63	20.93
5	Over 10,000 CcF	5.03	22.25

(1) Measured in centum cubic feet, or hundred cubic feet.

Room Occupancy Tax: Under this tax, local governments may tax the provision of hotel, motel and lodging house rooms at a rate not to exceed six and one-half percent (6.5%) of the cost of renting such rooms. The tax is paid by the operator of the hotel, motel or lodging house to the State Commissioner of Revenue, who in turn pays the tax back to the municipality in which the rooms are located in quarterly distributions. Effective October 1, 2009, the City levies the full 6% room occupancy tax as permitted under the law. The trend in room occupancy tax receipts is shown below.

Fiscal Year	Receipts
2025	\$18,863,578
2024	18,638,001
2023	16,050,161
2022	8,334,308
2021	1,394,755

Local Meals Excise Tax: Effective January 1, 2010, the City enacted a local meals excise tax on sales of restaurant meals. The tax is a three-fourths percent tax on the gross receipts of a vendor from the sale of restaurant meals. The vendor pays the tax to the State Commissioner of Revenue, which in turn, pays the tax to the municipality in which the meal was sold. The trend in local meals excise tax receipts is shown below.

Fiscal Year	Receipts
2025	\$5,734,277
2024	5,686,032
2023	5,423,695
2022	4,010,061
2021	2,185,856

Investment of City Funds

Investments of funds of cities and towns, except for trust funds, are generally restricted by Massachusetts General Laws Chapter 44, section 55. That statute permits investments of available revenue funds and bond and note proceeds in term deposits and certificates of deposits of banks and trust companies, in obligations issued or unconditionally guaranteed by the federal government or an agency thereof with a maturity of not more than one year, in repurchase agreements with a maturity of not more than 90 days secured by federal or federal agency securities, in participation units in the Massachusetts Municipal Depository Trust (“MMDT”), or in shares in SEC-registered money market funds with the highest possible rating from at least one nationally recognized rating organization.

MMDT is an investment pool created by the Commonwealth. The State Treasurer is the sole trustee, and the funds are managed under contract by an investment firm under the supervision of the State Treasurer’s office. According to the State Treasurer the Trust’s investment policy is designed to maintain an average weighted maturity of 90 days or less

and is limited to high-quality, readily marketable fixed income instruments, including U.S. Government obligations and highly-rated corporate securities with maturities of one year or less.

Trust funds, unless otherwise provided by the donor, may be invested in accordance with section 54 of Chapter 44, which permits a broader range of investments than section 55, including any bonds or notes that are legal investments for savings banks in the Commonwealth. The restrictions imposed by sections 54 and 55 do not apply to city and town retirement systems.

Breakdown of such investments may be obtained from the City Treasurer.

Pension funds are under the jurisdiction of the Cambridge Contributory Retirement System. Investments and the retirement system are discussed in Appendix A.

Annual Audits

Audits are performed annually by KPMG LLP, Boston, Massachusetts and incorporated into the City's Comprehensive Annual Financial Reports. See Appendix A for the City's fiscal 2025 audited financial statements. Copies of previous fiscal year's audits are available upon request from the City.

The attached report speaks only as of its date, and only to the matters expressly set forth therein. *The auditors have not been engaged to review this Official Statement or to perform audit procedures regarding post-audit period, nor have the auditors been requested to give their consent to the inclusion of their report in Appendix A.* Except as stated in their report, the auditors have not been engaged to verify the financial information set out in Appendix A and are not passing upon and do not assume responsibility for the sufficiency, accuracy or completeness of the financial information presented in that appendix.

Basis of Accounting

See Appendix A.

Financial Statements

Set forth on the following pages are Governmental Fund Balance Sheets for fiscal 2025, 2024, and 2023, and Statements of Revenues, Expenditures and Changes in Fund Balances for fiscal years 2025 through 2021. All the financial statements are extracted from audited financial statements.

CITY OF CAMBRIDGE, MASSACHUSETTS
Balance Sheet - Governmental Funds
June 30, 2025 (1)

Assets	General Fund	Capital Fund	Affordable Housing Trust Fund	City Grants Fund	Other Governmental Funds	Total Governmental Funds
Cash and Investments	\$ 426,672,552	\$ 260,523,021	\$ 200,036,088	\$ 25,140,313	\$ 49,086,486	\$ 961,458,460
Receivables, net:						
Property Taxes	8,264,604	-	-	-	-	8,264,604
Motor Vehicle Excise	2,042,300	-	-	-	-	2,042,300
Tax Title and Possessions	3,593,843	-	-	-	-	3,593,843
Leases	18,324,130	-	-	-	-	18,324,130
Intergovernmental	-	1,867,778	-	921,625	743,335	3,532,738
Departmental and Other	20,293,531	-	8,286,824	-	323,443	28,903,798
Total Receivables	<u>52,518,408</u>	<u>1,867,778</u>	<u>8,286,824</u>	<u>921,625</u>	<u>1,066,778</u>	<u>64,661,413</u>
Other Assets	80,000	-	-	-	-	80,000
Due from Other Funds	-	569,969	-	-	-	569,969
Total Assets	<u>\$ 479,270,960</u>	<u>\$ 262,960,768</u>	<u>\$ 208,322,912</u>	<u>\$ 26,061,938</u>	<u>\$ 50,153,264</u>	<u>\$ 1,026,769,842</u>
Liabilities, Deferred Inflows of Resources and Fund Balances						
Liabilities:						
Warrants and Accounts Payable	\$ 13,058,906	\$ 30,331,029	\$ 6,199,082	\$ 2,034,311	\$ 1,627,793	\$ 53,251,121
Accrued Liabilities:						
Tax Abatements	3,920,100	-	-	-	-	3,920,100
Judgments and Claims	14,725,400	-	-	-	-	14,725,400
Accrued Payroll	27,866,982	24,256	-	47,224	200,769	28,139,231
Other	5,988,096	-	-	-	114,511	6,102,607
Unearned revenue	-	-	-	14,889,722	-	14,889,722
Due to Other Funds	32,723	-	-	-	569,969	602,692
Total Liabilities	<u>65,592,207</u>	<u>30,355,285</u>	<u>6,199,082</u>	<u>16,971,257</u>	<u>2,513,042</u>	<u>121,630,873</u>
Deferred Inflows of Resources:						
Unavailable Revenue	29,610,962	-	-	-	157,031	29,767,993
Related to Rent	17,298,909	-	-	-	-	17,298,909
Fund Balances (deficit):						
Restricted	-	232,605,483	-	14,935,270	40,674,507	288,215,260
Committed	140,257,510	-	202,123,830	-	6,808,684	349,190,024
Assigned	25,756,500	-	-	-	-	25,756,500
Unassigned	200,754,872	-	-	(5,844,589)	-	194,910,283
Total Fund Balances	<u>366,768,882</u>	<u>232,605,483</u>	<u>202,123,830</u>	<u>9,090,681</u>	<u>47,483,191</u>	<u>858,072,067</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 479,270,960</u>	<u>\$ 262,960,768</u>	<u>\$ 208,322,912</u>	<u>\$ 26,061,938</u>	<u>\$ 50,153,264</u>	<u>\$ 1,026,769,842</u>

(1) Extracted from the audited financial statements of the City.

CITY OF CAMBRIDGE, MASSACHUSETTS
Balance Sheet - Governmental Funds
June 30, 2024 (1)

Assets	General Fund	Capital Fund	Affordable Housing Trust Fund	City Grants Fund	Other Governmental Funds	Total Governmental Funds
Cash and Investments	\$ 437,811,240	\$ 248,289,397	\$ 190,791,456	\$ 45,030,262	\$ 42,900,106	\$ 964,822,461
Receivables, net:						
Property Taxes	9,288,087	-	-	-	-	9,288,087
Motor Vehicle Excise	1,443,316	-	-	-	-	1,443,316
Tax Title and Possessions	4,148,068	-	-	-	-	4,148,068
Leases	18,531,914	-	-	-	-	18,531,914
Intergovernmental	-	5,035,894	-	773,747	1,124,945	6,934,586
Departmental and Other	20,694,223	-	6,044,404	-	294,854	27,033,481
Total Receivables	<u>54,105,608</u>	<u>5,035,894</u>	<u>6,044,404</u>	<u>773,747</u>	<u>1,419,799</u>	<u>67,379,452</u>
Other Assets	2,971,066	-	-	-	-	2,971,066
Due from Other Funds	2,577,971	569,969	-	-	-	3,147,940
Total Assets	<u>\$ 497,465,885</u>	<u>\$ 253,895,260</u>	<u>\$ 196,835,860</u>	<u>\$ 45,804,009</u>	<u>\$ 44,319,905</u>	<u>\$ 1,038,320,919</u>
Liabilities, Deferred Inflows of Resources and Fund Balances						
Liabilities:						
Warrants and Accounts Payable	\$ 19,483,952	\$ 37,704,203	\$ 1,833,724	\$ 3,228,555	\$ 3,185,012	\$ 65,435,446
Accrued Liabilities:						
Tax Abatements	2,520,200	-	-	-	-	2,520,200
Judgments and Claims	10,099,000	-	-	-	-	10,099,000
Accrued Payroll	24,832,884	16,205	-	38,111	180,731	25,067,931
Other	6,380,809	-	-	-	116,766	6,497,575
Unearned revenue	-	-	-	37,769,659	-	37,769,659
Due to Other Funds	32,723	-	-	2,577,971	569,969	3,180,663
Total Liabilities	<u>63,349,568</u>	<u>37,720,408</u>	<u>1,833,724</u>	<u>43,614,296</u>	<u>4,052,478</u>	<u>150,570,474</u>
Deferred Inflows of Resources:						
Unavailable Revenue	28,904,108	-	-	-	149,315	29,053,423
Related to Rent	17,756,149	-	-	-	-	17,756,149
Fund Balances (deficit):						
Nonspendable	2,891,066	-	-	-	-	2,891,066
Restricted	-	216,174,852	-	16,727,360	36,980,488	269,882,700
Committed	103,520,039	-	195,002,136	-	3,137,624	301,659,799
Assigned	32,935,000	-	-	-	-	32,935,000
Unassigned	248,109,955	-	-	(14,537,647)	-	233,572,308
Total Fund Balances	<u>387,456,060</u>	<u>216,174,852</u>	<u>195,002,136</u>	<u>2,189,713</u>	<u>40,118,112</u>	<u>840,940,873</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 497,465,885</u>	<u>\$ 253,895,260</u>	<u>\$ 196,835,860</u>	<u>\$ 45,804,009</u>	<u>\$ 44,319,905</u>	<u>\$ 1,038,320,919</u>

(1) Extracted from the audited financial statements of the City.

CITY OF CAMBRIDGE, MASSACHUSETTS
Balance Sheet - Governmental Funds
June 30, 2023 (1)

Assets	General Fund	Capital Fund	Affordable Housing Trust Fund	City Grants Fund	Other Governmental Funds	Total Governmental Funds
Cash and Investments	\$ 366,815,653	\$ 229,026,887	\$ 150,298,113	\$ 67,658,193	\$ 40,229,605	\$ 854,028,451
Receivables, net:						
Property Taxes	8,721,484	-	-	-	-	8,721,484
Motor Vehicle Excise	1,111,364	-	-	-	-	1,111,364
Tax Title and Possessions	3,693,400	-	-	-	-	3,693,400
Leases	18,728,767	-	-	-	-	18,728,767
Intergovernmental	-	1,074,690	-	5,018,499	867,998	6,961,187
Departmental and Other	18,552,341	-	4,470,977	-	733,840	23,757,158
Total Receivables	<u>50,807,356</u>	<u>1,074,690</u>	<u>4,470,977</u>	<u>5,018,499</u>	<u>1,601,838</u>	<u>62,973,360</u>
Other Assets	6,168,722	-	-	-	-	6,168,722
Due from Other Funds	8,455,696	569,969	-	-	-	9,025,665
Total Assets	<u>\$ 432,247,427</u>	<u>\$ 230,671,546</u>	<u>\$ 154,769,090</u>	<u>\$ 72,676,692</u>	<u>\$ 41,831,443</u>	<u>\$ 932,196,198</u>
Liabilities, Deferred Inflows of Resources and Fund Balances						
Liabilities:						
Warrants and Accounts Payable	\$ 13,673,024	\$ 28,285,676	\$ 2,938,614	\$ 2,789,617	\$ 2,778,983	\$ 50,465,914
Accrued Liabilities:						
Tax Abatements	3,871,700	-	-	-	-	3,871,700
Judgments and Claims	11,055,200	-	-	-	-	11,055,200
Accrued Payroll	23,868,429	19,886	-	46,229	164,510	24,099,054
Other	6,253,269	-	-	-	117,127	6,370,396
Unearned revenue	-	-	-	64,770,113	-	64,770,113
Due to Other Funds	32,723	-	-	8,455,696	569,969	9,058,388
Total Liabilities	<u>58,754,345</u>	<u>28,305,562</u>	<u>2,938,614</u>	<u>76,061,655</u>	<u>3,630,589</u>	<u>169,690,765</u>
Deferred Inflows of Resources:						
Unavailable Revenue	29,623,723	-	-	-	189,506	29,813,229
Related to Rent	18,213,389	-	-	-	-	18,213,389
Fund Balances (deficit):						
Nonspendable	6,088,722	-	-	-	-	6,088,722
Restricted	-	202,365,984	-	26,277,182	34,462,473	263,105,639
Committed	86,636,011	-	151,830,476	-	3,548,875	242,015,362
Assigned	20,800,000	-	-	-	-	20,800,000
Unassigned	212,131,237	-	-	(29,662,145)	-	182,469,092
Total Fund Balances	<u>325,655,970</u>	<u>202,365,984</u>	<u>151,830,476</u>	<u>(3,384,963)</u>	<u>38,011,348</u>	<u>714,478,815</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 432,247,427</u>	<u>\$ 230,671,546</u>	<u>\$ 154,769,090</u>	<u>\$ 72,676,692</u>	<u>\$ 41,831,443</u>	<u>\$ 932,196,198</u>

(1) Extracted from the audited financial statements of the City.

CITY OF CAMBRIDGE, MASSACHUSETTS
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds
June 30, 2025 (1)

	General Fund	Capital Fund	Affordable Housing Trust Fund	City Grants Fund	Other Governmental Funds	Total Governmental Funds
Revenues						
Real and Personal Property Taxes	\$ 631,730,174	\$ -	\$ -	\$ -	\$ -	\$ 631,730,174
Excises:						
Hotel/Motel/Meals/Other	25,062,222	-	-	-	-	25,062,222
Motor Vehicles	8,244,317	-	-	-	-	8,244,317
Payments in Lieu of Taxes	8,900,376	-	-	-	-	8,900,376
Intergovernmental	79,245,746	8,814,349	-	40,098,204	26,694,546	154,852,845
Investment Income	20,282,275	141,808	9,838,782	792,762	820,933	31,876,560
Sewer Use Charges	69,820,523	-	-	-	-	69,820,523
Departmental and Other	74,615,255	994,900	18,542,143	1,662,233	44,603,956	140,418,487
Total Revenues	\$ 917,900,888	\$ 9,951,057	\$ 28,380,925	\$ 42,553,199	\$ 72,119,435	\$ 1,070,905,504
Expenditures						
Current:						
General Government	60,279,087	-	-	13,806,538	10,000	74,095,625
Public Safety	191,461,418	-	-	1,559,507	-	193,020,925
Community Maintenance and Development	91,810,240	-	62,944,981	4,613,125	4,403,334	163,771,680
Human Resource Development	87,814,305	-	-	16,673,061	815,194	105,302,560
Education	295,137,393	-	-	-	21,292,278	316,429,671
Judgments and Claims	4,475,914	-	-	-	-	4,475,914
State and District Assessments	73,203,082	-	-	-	-	73,203,082
Capital Outlays	-	185,165,480	-	-	-	185,165,480
Debt Service	101,471,328	-	-	-	-	101,471,328
Total Expenditures	905,652,767	185,165,480	62,944,981	36,652,231	26,520,806	1,216,936,265
Excess (Deficiency) of Revenues Over Expenditures	12,248,121	(175,214,423)	(34,564,056)	5,900,968	45,598,629	(146,030,761)
Other Financing Sources (Uses)						
Premium on Debt Issuance	634,090	12,148,525	-	-	-	12,782,615
Issuance of Debt	-	149,650,000	-	-	-	149,650,000
Transfers In	22,547,385	29,875,000	41,685,750	1,000,000	1,174,495	96,282,630
Transfers Out	(56,116,774)	(28,471)	-	-	(39,408,045)	(95,553,290)
Total Other Financing (Uses) Sources	(32,935,299)	191,645,054	41,685,750	1,000,000	(38,233,550)	163,161,955
Net Change in Fund Balances	(20,687,178)	16,430,631	7,121,694	6,900,968	7,365,079	17,131,194
Fund Balance - Beginning	387,456,060	216,174,852	195,002,136	2,189,713	40,118,112	840,940,873
Fund Balance - Ending	\$ 366,768,882	\$ 232,605,483	\$ 202,123,830	\$ 9,090,681	\$ 47,483,191	858,072,067

(1) Extracted from the audited financial statements of the City.

CITY OF CAMBRIDGE, MASSACHUSETTS
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds
June 30, 2024 (1)

	General Fund	Capital Fund	Affordable Housing Trust Fund	City Grants Fund	Other Governmental Funds	Total Governmental Funds
Revenues						
Real and Personal Property Taxes	\$ 579,388,067	\$ -	\$ -	\$ -	\$ -	\$ 579,388,067
Excises:						
Hotel/Motel/Meals/Other	24,753,003	-	-	-	-	24,753,003
Motor Vehicles	8,223,367	-	-	-	-	8,223,367
Payments in Lieu of Taxes	8,683,470	-	-	-	-	8,683,470
Intergovernmental	82,213,018	7,784,007	-	46,918,229	22,945,265	159,860,519
Investment Income	19,427,601	154,898	8,930,151	2,982,461	746,827	32,241,938
Sewer Use Charges	75,879,104	-	-	-	-	75,879,104
Departmental and Other	116,546,204	1,778,478	35,766,335	1,590,879	43,421,283	199,103,179
Total Revenues	\$ 915,113,834	\$ 9,717,383	\$ 44,696,486	\$ 51,491,569	\$ 67,113,375	\$ 1,088,132,647
Expenditures						
Current:						
General Government	58,884,410	-	-	22,413,087	10,000	81,307,497
Public Safety	178,812,341	-	-	2,170,682	-	180,983,023
Community Maintenance and Development	81,009,337	-	42,650,576	4,499,870	3,384,438	131,544,221
Human Resource Development	72,638,842	-	-	16,833,254	245,300	89,717,396
Education	272,011,916	-	-	-	21,344,508	293,356,424
Judgments and Claims	8,548,927	-	-	-	-	8,548,927
State and District Assessments	70,737,241	-	-	-	-	70,737,241
Capital Outlays	-	197,789,272	-	-	-	197,789,272
Debt Service	89,250,827	-	-	-	-	89,250,827
Total Expenditures	831,893,841	197,789,272	42,650,576	45,916,893	24,984,246	1,143,234,828
Excess (Deficiency) of Revenues Over Expenditures	83,219,993	(188,071,889)	2,045,910	5,574,676	42,129,129	(55,102,181)
Other Financing Sources (Uses)						
Premium on Debt Issuance	736,469	19,880,000	-	-	-	20,616,469
Issuance of Debt	-	160,220,000	-	-	-	160,220,000
Transfers In	21,843,465	21,780,757	41,125,750	-	200,000	84,949,972
Transfers Out	(43,999,837)	-	-	-	(40,222,365)	(84,222,202)
Total Other Financing (Uses) Sources	(21,419,903)	201,880,757	41,125,750	-	(40,022,365)	181,564,239
Net Change in Fund Balances	61,800,090	13,808,868	43,171,660	5,574,676	2,106,764	126,462,058
Fund Balance - Beginning	325,655,970	202,365,984	151,830,476	(3,384,963)	38,011,348	714,478,815
Fund Balance - Ending	\$ 387,456,060	\$ 216,174,852	\$ 195,002,136	\$ 2,189,713	\$ 40,118,112	840,940,873

(1) Extracted from the audited financial statements of the City.

CITY OF CAMBRIDGE, MASSACHUSETTS
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds
June 30, 2023 (1)

	General Fund	Capital Fund	Affordable Housing Trust Fund	City Grants Fund	Other Governmental Funds	Total Governmental Funds
Revenues						
Real and Personal Property Taxes	\$ 530,536,843	\$ -	\$ -	\$ -	\$ -	\$ 530,536,843
Excises:						
Hotel/Motel/Meals/Other	21,806,512	-	-	-	-	21,806,512
Motor Vehicles	8,305,021	-	-	-	-	8,305,021
Payments in Lieu of Taxes	8,454,819	-	-	-	-	8,454,819
Intergovernmental	76,348,078	2,221,276	-	27,702,510	25,908,723	132,180,587
Investment Income	10,712,049	105,853	4,090,259	1,721,432	770,235	17,399,828
Sewer Use Charges	65,433,035	-	-	-	-	65,433,035
Departmental and Other	98,554,153	5,778,136	6,227,981	512,277	39,397,370	150,469,917
Total Revenues	\$ 820,150,510	\$ 8,105,265	\$ 10,318,240	\$ 29,936,219	\$ 66,076,328	\$ 934,586,562
Expenditures						
Current:						
General Government	53,527,537	-	-	5,922,988	10,000	59,460,525
Public Safety	170,268,704	-	-	2,230,187	-	172,498,891
Community Maintenance and Development	70,864,509	-	12,134,965	3,496,406	2,921,052	89,416,932
Human Resource Development	63,569,835	-	-	17,669,025	546,042	81,784,902
Education	252,435,556	-	-	-	22,962,604	275,398,160
Judgments and Claims	13,697,187	-	-	-	-	13,697,187
State and District Assessments	66,680,814	-	-	-	-	66,680,814
Capital Outlays	-	149,525,444	-	-	-	149,525,444
Debt Service	86,985,653	-	-	-	-	86,985,653
Total Expenditures	778,029,795	149,525,444	12,134,965	29,318,606	26,439,698	995,448,508
Excess (Deficiency) of Revenues Over Expenditures	42,120,715	(141,420,179)	(1,816,725)	617,613	39,636,630	(60,861,946)
Other Financing Sources (Uses)						
Premium on Debt Issuance	385,664	9,675,000	-	-	-	10,060,664
Issuance of Debt	-	83,950,000	-	-	-	83,950,000
Transfers In	20,911,420	52,416,584	38,705,750	6,560,864	269,745	118,864,363
Transfers Out	(59,032,184)	(23,215,495)	-	-	(38,245,185)	(120,492,864)
Total Other Financing (Uses) Sources	(37,735,100)	122,826,089	38,705,750	6,560,864	(37,975,440)	92,382,163
Net Change in Fund Balances	4,385,615	(18,594,090)	36,889,025	7,178,477	1,661,190	31,520,217
Fund Balance - Beginning	321,270,355	220,960,074	114,941,451	(10,563,440)	36,350,158	682,958,598
Fund Balance - Ending	\$ 325,655,970	\$ 202,365,984	\$ 151,830,476	\$ (3,384,963)	\$ 38,011,348	714,478,815

(1) Extracted from the audited financial statements of the City.

CITY OF CAMBRIDGE, MASSACHUSETTS
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds
June 30, 2022 (1)

	General Fund	Capital Fund	Affordable Housing Trust Fund	City Grants Fund	Other Governmental Funds	Total Governmental Funds
Revenues						
Real and Personal Property Taxes	\$ 497,041,998	\$ -	\$ -	\$ -	\$ -	\$ 497,041,998
Excises:						
Hotel/Motel/Meals/Other	12,348,390	-	-	-	-	12,348,390
Motor Vehicles	8,052,896	-	-	-	-	8,052,896
Payments in Lieu of Taxes	8,535,070	-	-	-	-	8,535,070
Intergovernmental	71,846,505	5,879,918	-	30,120,318	26,087,235	133,933,976
Investment Income	(2,196,652)	25,061	(274,628)	15,448	141,272	(2,289,499)
Sewer Use Charges	57,209,823	-	-	-	-	57,209,823
Departmental and Other	88,320,900	1,480,550	27,388,303	785,556	37,538,013	155,513,322
Total Revenues	\$ 741,158,930	\$ 7,385,529	\$ 27,113,675	\$ 30,921,322	\$ 63,766,520	\$ 870,345,976
Expenditures						
Current:						
General Government	49,050,202	-	-	8,183,728	10,000	57,243,930
Public Safety	158,855,657	-	-	1,529,969	-	160,385,626
Community Maintenance and Development	67,516,037	-	48,867,845	2,227,388	4,086,162	122,697,432
Human Resource Development	55,117,604	-	-	17,248,000	395,236	72,760,840
Education	242,832,870	-	-	-	16,265,225	259,098,095
Judgments and Claims	14,317,752	-	-	-	-	14,317,752
State and District Assessments	64,455,971	-	-	-	-	64,455,971
Capital Outlays	-	107,188,605	-	-	-	107,188,605
Debt Service	82,106,831	-	-	-	-	82,106,831
Total Expenditures	734,252,924	107,188,605	48,867,845	29,189,085	20,756,623	940,255,082
Excess (Deficiency) of Revenues Over Expenditures	6,906,006	(99,803,076)	(21,754,170)	1,732,237	43,009,897	(69,909,106)
Other Financing Sources (Uses)						
Premium on Debt Issuance	338,544	10,550,000	-	-	-	10,888,544
Issuance of Debt	-	81,750,000	-	-	-	81,750,000
Transfers In	20,322,180	51,103,326	32,354,155	-	730,000	104,509,661
Transfers Out	(50,675,505)	(18,354,155)	-	-	(34,755,256)	(103,784,916)
Total Other Financing (Uses) Sources	(30,014,781)	125,049,171	32,354,155	-	(34,025,256)	93,363,289
Net Change in Fund Balances	(23,108,775)	25,246,095	10,599,985	1,732,237	8,984,641	23,454,183
Fund Balance - Beginning	344,379,130	195,713,979	104,341,466	(12,295,677)	27,365,517	659,504,415
Fund Balance - Ending	\$ 321,270,355	\$ 220,960,074	\$ 114,941,451	\$ (10,563,440)	\$ 36,350,158	682,958,598

(1) Extracted from the audited financial statements of the City.

CITY OF CAMBRIDGE, MASSACHUSETTS
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds
June 30, 2021 (1)

Revenues	General Fund	Capital Fund	Affordable Housing Trust Fund	City Grants Fund	Other Governmental Funds	Total Governmental Funds
Real and Personal Property Taxes	\$ 477,368,683	\$ -	\$ -	\$ -	\$ -	\$ 477,368,683
Excises:						
Hotel Motel Meals	3,580,611	-	-	-	-	3,580,611
Motor Vehicles	8,436,599	-	-	-	-	8,436,599
Payments in Lieu of Taxes	8,219,285	-	-	-	-	8,219,285
Intergovernmental	88,639,188	3,584,952	-	16,072,606	18,327,669	126,624,415
Investment Income	1,387,592	22,709	101,708	2,775	86,438	1,601,222
Sewer Use Charges	54,122,053	-	-	-	-	54,122,053
Departmental and Other	97,079,535	1,200,165	15,898,417	480,009	30,892,838	145,550,964
Total Revenues	\$ 738,833,546	\$ 4,807,826	\$ 16,000,125	\$ 16,555,390	\$ 49,306,945	\$ 825,503,832
Expenditures						
Current:						
General Government	49,576,514	-	-	21,699,598	10,000	71,286,112
Public Safety	147,362,761	-	-	1,007,839	-	148,370,600
Community Maintenance and Development	63,664,164	-	4,067,236	1,353,876	2,394,592	71,479,868
Human Resource Development	46,812,429	-	-	10,790,490	337,686	57,940,605
Education	258,815,011	-	-	-	14,244,458	273,059,469
Judgments and Claims	19,683,893	-	-	-	-	19,683,893
State and District Assessments	61,845,579	-	-	-	-	61,845,579
Capital Outlays	-	97,530,049	-	-	-	97,530,049
Debt Service	78,833,254	-	-	-	-	78,833,254
Total Expenditures	726,593,605	97,530,049	4,067,236	34,851,803	16,986,736	880,029,429
Excess (Deficiency) of Revenues Over Expenditures	12,239,941	(92,722,223)	11,932,889	(18,296,413)	32,320,209	(54,525,597)
Other Financing Sources (Uses)						
Premium on Debt Issuance	4,089,723	14,145,000	-	-	-	18,234,723
Issuance of Debt	17,755,000	70,555,000	-	-	-	88,310,000
Transfers In	24,107,610	55,438,642	27,254,630	1,000,000	2,896,683	110,697,565
Transfers Out	(56,421,776)	(15,154,179)	-	-	(38,398,325)	(109,974,280)
Payment to Fiscal Escrow Agent	(21,456,124)	-	-	-	-	(21,456,124)
Total Other Financing (Uses) Sources	(31,925,567)	124,984,463	27,254,630	1,000,000	(35,501,642)	85,811,884
Net Change in Fund Balances	(19,685,626)	32,262,240	39,187,519	(17,296,413)	(3,181,433)	31,286,287
Fund Balance - Beginning	364,064,756	163,451,739	65,153,947	5,000,736	30,546,950	628,218,128
Fund Balance - Ending	\$ 344,379,130	\$ 195,713,979	\$ 104,341,466	\$ (12,295,677)	\$ 27,365,517	659,504,415

(1) Extracted from the audited financial statements of the City.

Free Cash (Uniform System of Accounting)

Under the Massachusetts Uniform System of Accounting an amount known as "free cash" is certified as of the beginning of each fiscal year by the Massachusetts Department of Revenue, Bureau of Accounts. This unrestricted fund balance (known as "free cash") is generated when actual revenue collections exceed budget estimates and/or unexpended appropriation balances lapse at year end to the general treasury.

A redetermination of free cash by the city auditor for the purpose of determining available funds for appropriations is allowed (but not required) on the last day of the month preceding the month in which the tax rate is determined but no later than July 31. This is done by adding collections of prior years' taxes and receipts from tax title redemptions and sale of tax possessions to the amount certified and deducting appropriations made from free cash between the date of certification and July 31.

<u>July 1,</u>	<u>Surplus Revenue (1)</u>	<u>Free Cash (2)</u>
2025	\$204,572,318	\$184,251,490
2024	252,444,336	233,151,653
2023	214,089,132	192,279,576
2022	235,037,971	199,259,756
2021	253,156,723	214,409,840

- (1) Surplus revenue is not reduced by revenue deficits from tax abatements in excess of overlay or revenue deficits resulting from non-property tax receipts being less than estimates, both of which are added to the next tax levy. It also does not include special funds, such as water.
- (2) The calculation of Free Cash by the Department of Revenue is based on financial statements prepared by the City's Finance Department in accordance with Uniform Municipal Accounting System (UMAS) principles. This method differs in certain areas from Generally Accepted Accounting Principles (GAAP), which causes a difference between the figures shown here as Surplus Revenue or (Deficit), or Undesignated Fund Balance, and those shown in the KPMG audited financial statements in Appendix A.

Tax Increment Financing for Development Districts

Cities and towns are authorized to establish development districts to encourage increased residential, industrial and commercial activity. All or a portion of the taxes on growth in assessed value in such districts may be pledged and used solely to finance economic development projects pursuant to the city or town's development program for the district. This includes pledging such "tax increments" for the payment of bonds issued to finance such projects. As a result of any such pledge, tax increments raised from new growth properties in development districts are not available for other municipal purposes. Tax increments are taken into account in determining the total taxes assessed for the purpose of calculating the maximum permitted tax levy under Proposition 2½ (see "Tax Limitations" under "PROPERTY TAXATION" above.) To date, the City has not established any such districts.

INDEBTEDNESS

Authorization Procedure and Limitations

Serial bonds and notes are authorized by vote of two-thirds of all the members of the city council (subject to the mayor's veto where the mayor has a veto power) or a two-thirds vote of the town meeting. Provision is made in some cities and towns for a referendum on the borrowing authorization if there is a timely filing of a petition bearing the requisite number of signatures. Refunding bonds and notes are authorized by the city council or the selectmen. Borrowings for some purposes require State administrative approval.

When serial bonds or notes have been authorized, bond anticipation notes may be issued by the officers authorized to issue the serial bonds or notes. Temporary debt in anticipation of the revenue of the fiscal year in which the debt is incurred or in anticipation of authorized federal and state aid generally may be incurred by the treasurer with the approval of the selectmen, mayor or city manager as the case may be.

Bonds and notes including refunding bonds are generally authorized on behalf of the City by vote of two-thirds of all the members of the City Council with the approval of the Mayor. Provision is made for a referendum on the filing of a petition bearing the requisite number of signatures. Borrowings for certain purposes require state administrative approval. When serial bonds or notes have been authorized, bond anticipation notes may be issued by the officers authorized to issue the serial bonds or notes. Temporary debt in anticipation of the revenue of the fiscal year in which the debt is incurred or in anticipation of authorized federal and state aid generally may be incurred by the Treasurer with the approval of the City Manager and the City Auditor.

The general debt limit of the City consists of normal debt limit and a double debt limit. The normal debt limit is 5 percent of the valuation of taxable property as last equalized by the State Department of Revenue. The City can authorize debt up to this amount without State approval. It can authorize debt up to twice this amount (the double debt limit) with the approval of the state Municipal Finance Oversight Board ("MFOB").

There are many categories of general obligation debt which are exempt from and do not count against the General Debt Limit if such debt is authorized by a two-thirds vote of the city or town and such debt is payable within the periods so specified in Mass. Gen. Laws. c. 44, §8. Among others, these exempt categories include revenue anticipation notes and grant anticipation notes; emergency loans; loans exempted by special laws; certain school bonds, sewer bonds, solid waste disposal facility bonds and economic development bonds supported by tax increment financing, bonds for water, housing, urban renewal and economic development (subject to various debt limits), and electric, gas, community antenna television systems, and telecommunications systems. Revenue bonds are not subject to these debt limits. The General Debt Limit applies at the time the debt is authorized. The special debt limits generally apply at the time the debt is incurred.

Types of Obligations

General Obligations. Massachusetts cities and towns are authorized to issue general obligation indebtedness of these types:

Serial Bonds and Notes. These are generally required to be payable in annual principal amounts beginning no later than the end of the next fiscal year commencing after the date of issue and ending within the terms permitted by law. A level debt service schedule, or a schedule that provides for a more rapid amortization of principal than level debt service, is permitted. The principal amounts of certain economic development bonds supported by tax increment financing may be payable in equal, diminishing or increasing amounts beginning within 5 years after the date of issue. The maximum terms of serial bonds and notes vary from one year to 40 years, depending on the purpose of the issue. The maximum terms permitted are set forth in the statutes. In addition, for many projects, the maximum term may be determined in accordance with useful life guidelines promulgated by the State Department of Revenue ("DOR"). Serial bonds and notes may be issued for the purposes set forth in the statutes. In addition, serial bonds and notes may be issued for any other public work improvement or asset not specifically listed in the Statutes that has a useful life of at least 5 years. Bonds or notes may be made callable and redeemed prior to their maturity, and a redemption premium may be paid. Refunding bonds or notes may be issued subject to the maximum applicable term measured from the date of the original bonds or notes and must produce present value savings over the debt service of the refunded bonds. Generally, the first required annual payment of principal of the refunding bonds cannot be later than the end of the fiscal year in which any of the bonds or notes being refunded thereby is payable, however, principal payments made before the first principal payment of any of the bonds or notes being refunded thereby may be in any amount.

Serial bonds may be issued as "qualified bonds" with the approval of the state Municipal Finance Oversight Board composed of the State Treasurer, the State Auditor, the Attorney General and the Director of Accounts, subject to such conditions and limitations (including restrictions on future indebtedness) as may be required by the Board. Qualified bonds

may mature not less than 10 nor more than 30 years from their dates and are not subject to the amortization requirements described above. The State Treasurer is required to pay the debt service on qualified bonds and thereafter to withhold the amount of the debt service paid by the State from state aid or other state payments; administrative costs and any loss of interest income to the State are to be assessed upon the city or town.

Tax Credit Bonds or Notes. Subject to certain provisions and conditions, the officers authorized to issue bonds or notes may designate any duly authorized issue of bonds or notes as “tax credit bonds” to the extent such bonds and notes are otherwise permitted to be issued with federal tax credits or other similar subsidies for all or a portion of the borrowing costs. Tax credit bonds may be made payable without regard to the annual installments required by any other law, and a sinking fund may be established for the payment of such bonds. Any investment that is part of such a sinking fund may mature not later than the date fixed for payment or redemption of the applicable bonds.

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

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

Grant Anticipation Notes. These are issued for temporary financing in anticipation of federal grants and state and county reimbursements for any purpose for which the city or town may incur debt that may be payable over a term of 5 years or longer. Generally, they must mature within two years but may be refunded from time to time as long as the municipality remains entitled to the grant or reimbursement.

Revenue Bonds. Cities and towns may issue revenue bonds for solid waste disposal facilities, for projects financed under the Commonwealth’s Clean Water and Drinking Water Revolving Loan Programs and for certain economic development projects supported by tax increment financing. In addition, cities and towns which are members of the New England Power Pool may issue electric revenue bonds, and notes in anticipation of such bonds, subject to the approval of the State Department of Telecommunications and Energy.

**CITY OF CAMBRIDGE
GROSS AND NET DIRECT DEBT SUMMARY (1)
As of June 30, 2025**

General Obligation Bonds Outstanding (before current issue)	\$	691,505,000
MCWT and MWRA Loans		2,842,485
Gross Direct Debt	\$	694,347,485
Current Issue - New Money ("2026 Bonds")		97,375,000
TOTAL GROSS DIRECT DEBT	\$	791,722,485
Less:		
Self-Supporting GO Water Bonds	\$	3,640,000
Self-Supporting GO Sewer Bonds		106,740,000
Self-Supporting GO Golf Course		-
Self-Supporting GO Parking Fund		-
Self-Supporting MCWT and MWRA Loans		2,842,485
Self-Supporting Hospital Bonds		-
Self-Supporting HUD Section 108 Loan		-
Self-Supporting Current Issue for Sewer		23,500,000
SUBTOTAL SELF-SUPPORTING	\$	136,722,485
Less:		
Commonwealth Subsidy of MCWT Loans	\$	-
SUBTOTAL COMMONWEALTH SUBSIDY	\$	-
 TOTAL NET DIRECT DEBT	 \$	 655,000,000

(1) Principal amount only. Excludes lease and installment purchase obligations, overlapping debt, unfunded pension liability, and other post-employment benefits liability. Includes the Bonds.

**CITY OF CAMBRIDGE
FIVE-YEAR DEBT SUMMARY (1)
OUTSTANDING GENERAL OBLIGATION DEBT
(\$ in 000s)**

	As of June 30,				
	2021	2022	2023	2024	2025
Inside.....	\$ 486,590	\$ 505,735	\$ 523,426	\$ 616,392	\$ 690,707
Outside:					
Water.....	-	-	-	-	3,640
Sub-Total.....	-	-	-	-	3,640
Total.....	<u>\$ 486,590</u>	<u>\$ 505,735</u>	<u>\$ 523,426</u>	<u>\$ 616,392</u>	<u>\$ 694,347</u>

(1) Outstanding principal on general obligation bonds. Excludes temporary notes, lease and installment purchase obligations, overlapping debt, unfunded pension liability, and other post-employment benefits liability. As of June 30 of each fiscal year.

Debt Ratios

The table below sets forth the percentage of debt to assessed valuation and per capita debt as of June 30, 2025. The table considers the principal amount of general obligation bonds of the City only. The table does not deduct anticipated state grant payments applicable to the principal amount of outstanding or debt that may be supported in whole, or part, by non-tax revenues. (See "Direct Debt Summary".)

	Amount (1)	Per Capita (2)	Ratio to Assessed Valuation (3)
Gross Direct Debt	\$ 694,347,485	\$ 5,864	0.91 %
Net Direct Debt (4)	502,485,000	4,244	0.66
Gross Direct and Gross Overlapping Debt (5)	822,449,265	6,946	1.08
Net Direct and Net Overlapping Debt (5)	881,012,334	7,441	1.16

(1) Excludes current bond issue.

(2) Based on 2020 population of 118,403.

(3) Based on January 1, 2025 value of \$76,240,599,650.

(4) Excludes general obligation bonds that are in practice repaid from user fees and thus are self-supporting. This includes GO bonds issued for water and sewer purposes. Also includes state grants and loans from the Massachusetts Clean Water Trust (MCWT) and MWRA.

(5) Includes MWRA and MBTA overlapping debt. MBTA debt is as of June 30, 2025.

Source: City Department of Finance.

**CITY OF CAMBRIDGE
RATIO OF GROSS DIRECT DEBT TO
ASSESSED VALUE AND GROSS DIRECT DEBT
PER CAPITA**

Fiscal Year	Population (1)	Assessed Value (2)	Gross Direct Debt (3)	Ratio of Gross Direct Debt to Assessed Value	Gross Direct Debt Per Capita
2025	118,403	\$ 76,240,599,650	\$ 694,347,485	0.91 %	\$ 5,864
2024	118,403	75,883,594,799	616,391,815	0.81	5,206
2023	118,403	71,139,912,521	569,205,307	0.80	4,807
2022	118,403	63,952,953,737	548,071,069	0.86	4,629
2021	118,403	60,234,892,929	526,962,074	0.87	4,451

(1) Population based on the U.S. Department of Commerce, Bureau of the Census of the Census for 2020.

(2) All of the assessed values shown reflect full market value.

(3) As of June 30 of that fiscal year and excludes lease and installment purchase obligations, overlapping debt, and unfunded pension liability. Includes full principal on MCWT and MWRA sewer loans and unamortized premium.

Source: City Department of Finance

Debt Service Requirements

The following table sets forth the required principal and interest payments on outstanding general obligation bonds of the City as of June 30, 2025.

**CITY OF CAMBRIDGE – GENERAL OBLIGATION BONDS
Debt Service Requirements
As of June 30, 2025 (1)(2)**

Fiscal Year	Outstanding as of 6/30/2025		Total
	Principal	Interest	
2026	\$ 79,448,988	\$ 29,729,979	\$ 109,178,967
2027	72,995,200	26,719,825	99,715,025
2028	68,014,600	23,268,000	91,282,600
2029	63,439,200	20,046,425	83,485,625
2030	58,919,497	17,044,494	75,963,991
2031	55,210,000	14,239,143	69,449,143
2032	48,500,000	11,699,475	60,199,475
2033	45,220,000	9,534,450	54,754,450
2034	39,280,000	7,552,856	46,832,856
2035	30,440,000	5,855,088	36,295,088
2036	20,100,000	4,641,875	24,741,875
2037	19,550,000	3,904,663	23,454,663
2038	18,560,000	3,180,800	21,740,800
2039	15,605,000	2,556,888	18,161,888
2040	13,310,000	2,026,150	15,336,150
2041	12,865,000	1,566,700	14,431,700
2042	12,280,000	1,137,750	13,417,750
2043	9,650,000	720,600	10,370,600
2044	7,500,000	369,200	7,869,200
2045	3,460,000	103,800	3,563,800
TOTALS	<u>\$ 694,347,485</u>	<u>\$ 185,898,161</u>	<u>\$ 880,245,646</u>

(1) Excludes lease and installment purchase obligations, overlapping debt, and unfunded pension liability. Includes full principal and interest on MCWT and MWRA sewer loans.

(2) Totals may not agree with sum of figures due to rounding.

Authorized Unissued Debt

Following delivery of the Bonds, the City will have approximately \$251.6 million authorized unissued debt for various municipal purposes.

Overlapping Debt

The City is a member of the MWRA and MBTA. The following table sets forth the outstanding bonded debt, exclusive of temporary loans in anticipation of bonds or current revenue, of the MWRA and the MBTA.

Overlapping Entity	Outstanding Debt as of 6/30/25	Cambridge's Estimated Share(1)	Overlapping Debt
Massachusetts Water Resources Authority (2) Sewer	\$2,467,889,044	5.360 %	\$132,401,664
Massachusetts Bay Transportation Authority (3)	5,507,932,000	6.118	336,975,279

(1) Estimated share based on debt service only; excludes temporary loans and lease payments.

(2) SOURCE: MWRA. The MWRA provides wholesale drinking water services in whole or in part to 48 cities, towns and special purpose entities and provides wastewater collection and treatment services to 43 cities, towns and special purpose entities. Under its enabling legislation, as amended, the aggregate principal amount of all bonds issued by the MWRA for its corporate purposes may not exceed \$6.1 billion outstanding at any time. Its obligations are secured by revenues of the MWRA. The MWRA assesses member cities, towns and special purpose entities, which continue to provide direct retail water and sewer services to users. The cities, towns and other entities collect fees from the users to pay all or part of the assessments; some municipalities levy property taxes to pay part of the amounts assessed upon them.

(3) Source: MBTA. The MBTA was created in 1964 to finance and operate mass transportation facilities within the greater Boston metropolitan area. Under its enabling act, the MBTA is authorized to issue bonds for capital purposes, other than refunding bonds, and for certain specified purposes to an outstanding amount, which does not exceed the aggregate principal amount of \$3,556,300,000. In addition, pursuant to certain of the Commonwealth's transportation bond bills, the MBTA is authorized to issue additional bonds for particular capital projects. The MBTA also is authorized to issue bonds of the purpose of refunding bonds. Under the MBTA's enabling act debt service, as well as other operating expenses of the MBTA, are to be financed by a dedicated revenue stream consisting of the amounts assessed on the cities and towns of the MBTA and a dedicated portion of the statewide sales tax. The amount assessed to each city and town is based on its weighted percentage of the total population of the authority as provided in the enabling act. The aggregate amount of such assessments is generally not permitted to increase by more than 2.5 percent per year. (See "Tax Limitations" under "PROPERTY TAXATION" above.)

Contractual Obligations

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

Municipal contracts relating to solid waste disposal facilities may contain provisions requiring the delivery of minimum amounts of waste and payments based thereon and requiring payments in certain circumstances without regard to the operational status of the facilities.

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

Pursuant to the Home Rule Amendment to the Massachusetts Constitution, cities and towns may also be empowered to make other contracts and leases.

The City has not entered into any substantial financing lease or installment purchase contracts, but does lease certain real estate at an annual aggregate rental cost of approximately \$4.61 million.

The City has the following major contractual obligations subject to annual appropriation.

<u>Vendor Name</u>	<u>Nature of Service</u>	<u>Contract Expiration Date</u>	<u>Fiscal 2026 Appropriation</u>
Eastern Bus Co.	School Bus Transportation	7/1/2030	\$ 8,685,000
North Reading Transportation	Special Education Transportation	6/30/2027	9,658,172
North Reading Transportation	McKinney-Vento Student Transportation	6/30/2027	1,158,600
Casella Waste Systems	Curbside Collection Recycling and Yardwaste	10/30/2030	4,111,904
Casella Waste Systems	Processing of Organic Waste	3/31/2026	255,420

RETIREMENT PLAN

The Massachusetts General Laws provide for the establishment of contributory retirement systems for state employees, for teachers and for county, city and town employees other than teachers. Teachers are assigned to a separate statewide teachers' system and not to the city and town systems. For all employees other than teachers, this law is subject to acceptance in each city and town. Substantially all employees of an accepting city or town are covered. In addition to the contributory systems, the cities and towns provide non-contributory pensions to a limited number of employees, primarily persons who entered service prior to July 1, 1937 and their dependents. The Public Employee Retirement Administration Commission ("PERAC") provides oversight and guidance for and regulates all state and local retirement systems.

The obligations of a city or town, whether direct or through a county system, are contractual legal obligations and are required to be included in the annual tax levy. If a city or town, or the county system of which it is a member, has not established a retirement system funding schedule as described below, the city or town is required to provide for the payment of the portion of its current pension obligations which is not otherwise covered by employee contributions and investment income. "Excess earnings," or earnings on individual employees' retirement accounts in excess of a predetermined rate, are required to be set aside in a pension reserve fund for future, not current, pension liabilities. Cities and town may voluntarily appropriate to their system's pension reserve fund in any given year up to five percent of the preceding year's tax levy. The aggregate amount in the fund may not exceed ten percent of the equalized valuation of the city or town.

If a city or town, or each member city and town of a county retirement system, has accepted the applicable law, it is required to annually appropriate an amount sufficient to pay not only its current pension obligations, but also a portion of its future pension liability. The portion of each such annual payment allocable to future pension obligations is required to be deposited in the pension reserve fund. The amount of the annual city or town appropriation for each such system is prescribed by a retirement system funding schedule which is periodically reviewed and approved by PERAC. A system (other than the state employees' retirement system and the teachers' retirement system) which conducts an actuarial valuation as of January 1, 2009, or later, may establish a revised schedule which reduces the unfunded actuarial liability to zero by not later than June 30, 2040, subject to certain conditions. If the schedule is so extended under such provisions and a later updated valuation allows for the development of a revised schedule with reduced payments, the revised schedule shall be adjusted to provide that the appropriation for each year shall not be less than that for such year under the prior schedule, thus providing for a shorter schedule rather than reduced payments.

City, town and county systems may choose to participate in the Pension Reserves Investment Trust Fund (the "PRIT Fund"), which receives additional state funds to offset future pension costs of participating state and local systems. If a local system participates in the PRIT Fund, it must transfer ownership and control of all assets of its system to the Pension Reserves Investment Management Board, which manages the investment and reinvestment of the PRIT Fund. Cities and towns with systems participating in the PRIT Fund continue to be obligated to fund their pension obligations in the manner described above. The additional state appropriations to offset future pension liabilities of state and local systems participating in the PRIT Fund are required to total at least 1.3 percent of state payroll. Such additional state appropriations are deposited in the PRIT Fund and shared by all participating systems in proportion to their interests in the assets of the PRIT Fund as of July 1 for each fiscal year.

Cost-of-living increases for each local retirement system may be granted and funded by the local system. Those statutory provisions are subject to acceptance by the Retirement Board with the approval of the City Council, which acceptance may not be revoked. The City Council approved this legislation on June 1, 1998 and it took effect on July

1, 1998. Legislation provides that upon local acceptance and subject to certain conditions and limitations, a municipality may establish and implement an early retirement incentive program.

The following table shows the trend in recent annual contributions of the City to the retirement system:

<u>Fiscal Year</u>		<u>Contributory (1)</u>	<u>Non-contributory</u>	<u>Total</u>
2026	(Budgeted)	\$49,989,036	\$250,000	\$50,239,036
2025		72,817,764	250,000	73,067,764
2024		64,945,554	250,000	65,195,554
2023		56,353,975	250,000	56,603,975
2022		50,588,942	500,000	51,088,942
2021		45,482,628	500,000	45,982,628

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

In January, 1991, the City established a state-approved funding schedule, which is updated biennially. The latest actuarial study conducted by Segal Consulting dated January 1, 2024, estimates that the City's unfunded actuarial liabilities will be eliminated by June 30, 2029 as shown in the schedule below.

The total unfunded pension benefit obligation applicable to the City's employees was \$168,099,257 at January 1, 2024, computed as follows, assuming a 7.10% investment rate of return:

Actuarial accrued liability	\$2,027,423,185
Actuarial value of assets	<u>1,859,323,928</u>
Unfunded actuarial accrued liability	<u>\$ 168,099,257</u>

(1) Fiscal Year Ended June 30,	(2) Employer Normal Cost	(3) Amortization of Remaining Unfunded Liability	(4) Actuarially Determined Contribution (ADC) Before Additional Payment: (2) + (3)	(5) Actual Payment in FY	(6) Excess/ Deficiency for Fiscal Year Payment: (4) - (5)	(7) Total Unfunded Accrued Liability at Beginning of Fiscal Year	(8) Percent Change from Prior Year
2025	\$ 16,470,634	\$ 46,167,815	\$ 62,638,449	\$ 78,816,418	\$ (16,177,969)	\$ 173,964,458	- %
2026	17,032,768	45,605,681	62,638,449	53,902,346	8,736,103	119,543,600	-
2027	17,613,912	45,024,537	62,638,449	55,196,583	7,441,866	88,543,878	-
2028	18,214,703	44,423,746	62,638,449	62,638,449	-	54,579,453	-
2029	18,835,801	10,876,762	29,712,563	29,712,563	-	10,876,762	(52.56)
2030	19,477,886	-	19,477,886	-	-	-	(34.45)

Source: January 1, 2024 Actuarial Valuation of the Cambridge Contributory Retirement System prepared by Segal Consulting.

Notes: Actuarially Determined Contribution for fiscal year 2025 is set equal to the amount determined with the prior valuation.

Actuarially Determined Contributions are assumed to be paid on July 1.

Item (2) reflects 3.0% growth in payroll and a 0.15% adjustment to total normal cost to reflect the effect of mortality improvements due to the generational mortality assumption.

Projected normal cost does not reflect the future impact of pension reform for new hires.

Projected unfunded actuarial accrued liability does not reflect the recognition of deferred investment gains.

Other Post-Employment Benefits

In addition to pension benefits, cities and towns may provide retired employees with health care and life insurance benefits. The portion of the cost of such benefits paid by cities and towns is generally provided on a pay-as-you-go basis. The Governmental Accounting Standards Board ("GASB") promulgated accounting standards that require public sector entities to report the future costs of these non-pension, post-employment benefits in their financial statements. These accounting standards do not require pre-funding the payment of these costs as the liability for such costs accrues, but the basis applied by the standards for measurement of costs and liabilities for these benefits is conservative if they continue to be funded on a pay-as-you-go basis and will result in larger yearly cost and liability accruals than if the cost of such benefits were pre-funded in a trust fund in the same manner as traditional pension benefits. Cities and towns that choose to self-insure all or a portion of the cost of the health care benefits they provide to employees and retirees may establish a trust fund for the purpose of paying claims. In addition, cities and towns may establish a trust fund for the purpose of pre-funding other post-employment benefits liability in the same manner as traditional pension benefits.

The pay-as-you-go cost to the City for such benefits in recent years has been as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2025	\$28,930,766
2024	25,817,456
2023	24,417,847
2022	22,151,349
2021	21,460,536

The City was required to implement the GASB statements for other post-employment benefits beginning in fiscal year 2008. The GASB Statements provide the method for selecting the investment return assumption (discount rate). The City was required to implement GASB 75 (replacement of GASB 45) as of June 30, 2018 which was a year after the "Plan" GASB 74 was implemented. The net OPEB liability (NOL) reported for the "Plan" GASB 74 is based upon the measurement date of June 30, 2025 and an Actuarial Valuation as of June 30, 2025. The discount rate used to measure the total OPEB liability for the City increased from 3.62% to 3.74% per annum for June 30, 2023. The rate is based on a blend of the 20 year Bond Buyer GO index at June 30, 2025 of 5.12% and the expected long term OPEB trust investment rate of return of 4.5%. The Plan's net position was not projected to be available to make all projected future benefit payments for current Plan members. Therefore, the long term expected OPEB trust investment rate of return of 4.5% was not applied to all periods of projected benefit payments to determine the total OPEB liability. The discount rate used for June 30, 2024 was assumed to be 4.00% and is also based on a blend of the 20 year Bond Buyer GO index and the City's expected return on assets.

As of June 30, 2025, the City's total OPEB liability for benefits was \$772,584,504 and the plan fiduciary net position was \$44,413,889, resulting in a NOL of \$728,170,615 using the actuarial assumptions mentioned above. The actuarial determined contribution (ADC) is an amount determined by the actuary pursuant to GASB 74/75 which represents a level of funding that, if paid on an ongoing basis, is projected to cover the service cost each year and amortize any unfunded actuarial liabilities. For the fiscal year ending June 30, 2025, the ADC was \$63,683,761.

The City accepted Chapter 32B, section 20 of the Massachusetts General Laws which established an Other Post Employment Liability Trust by a vote of the City Council on December 21, 2009. This is an irrevocable trust fund into which contributions will be made to meet the unfunded liability. The City Council also approved a transfer from the Health Claims Trust Fund to the Other Post Employment Liability Trust of \$2,000,000 to begin the process of funding the unfunded liability, in fiscal 2010. The balance in the OPEB Trust Fund was \$44,413,889 as of June 30, 2025. The next full actuarial valuation is planned for July 1, 2027.

EMPLOYEE RELATIONS

City employees (other than managerial and confidential employees) are entitled to join unions and to bargain collectively on questions of wages, hours, and other terms and conditions of employment.

The City has approximately 3,500 employees, of whom approximately 77 percent belong to unions or other collective bargaining groups as shown in the table below.

Groups	Department	Number of Employees Represented	Contract Expires (1)
Teamsters Local 25	City	314	6/30/2026
International Assoc. of Firefighters	Fire	280	6/30/2025
Fire Mechanics (IIAFF)	Fire	3	6/30/2027
Patrol Officers	Police	209	6/30/2024
Superior Officers	Police	53	6/30/2024
Traffic Supervisors	Police	30	6/30/2026
Independent Water Workers Association	Water	18	6/30/2026
Professional Librarians	Library	119	6/30/2027
Inspectional Services (Building Trades)	Inspectional	18	6/30/2026
Childcare workers	Human Services	57	6/30/2026
Supervisors	Public Works	15	6/30/2027
Supervisors	Emergency Communications	8	6/30/2027
Teachers and Administrative (Mass Teachers Assoc)	School	904	8/31/2026
Clerical	School	52	8/31/2026
Custodians (AFSCME AFL-CIO)	School	75	8/31/2026
Food Service	School	65	8/31/2026
Safety Specialists	School	12	6/30/2026
Paraprofessionals (Mass Teachers Assoc)	School	266	8/31/2026
Substitute Teachers	School	193	8/31/2026
Family Resource Liaison (AFSCNE)	School	19	8/31/2026
		2,710	

Source: City Personnel Department.

(1) Expired contracts are currently in negotiations.

LITIGATION

In the opinion of the City Solicitor, there is no litigation of any kind now pending or threatened to restrain or enjoin the issuance or delivery of the Bonds or in any manner questioning the proceedings and authority under which the Bonds are issued. In the opinion of the City Solicitor, there is no pending or threatened legislation which is likely to result, either individually or in the aggregate, in final judgments against the City that would materially affect its financial position or its ability to pay its obligations.

CITY OF CAMBRIDGE, MASSACHUSETTS
/s/ Claire Spinner, Assistant City Manager for Fiscal Affairs

March 4, 2026

**YEAR ENDED JUNE 30, 2025
with REPORT OF INDEPENDENT AUDITORS**



CITY OF CAMBRIDGE, MASSACHUSETTS

Basic Financial Statements, Required Supplementary Information and
Supplemental Statements and Schedules

June 30, 2025

(With Independent Auditors' Report Thereon)

CITY OF CAMBRIDGE, MASSACHUSETTS

June 30, 2025

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CITY OF CAMBRIDGE, MASSACHUSETTS

June 30, 2025

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CITY OF CAMBRIDGE, MASSACHUSETTS

June 30, 2025

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KPMG LLP
Two Financial Center
60 South Street
Boston, MA 02111

Independent Auditors' Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Cambridge, Massachusetts (the City), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the reports of the other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

We did not audit the financial statements of the discretely presented component units listed in note 1(c) to the basic financial statements, which represent 100% of the aggregate discretely presented component units. Those statements were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as they relate to the amounts included for those entities, are based solely on the reports of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. generally accepted accounting principles, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.



Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis and the schedules listed under the required supplementary information section in the accompanying table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The supplementary information listed under the supplemental statements and schedules section in the accompanying table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing



procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 30, 2026 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

KPMG LLP

Boston, Massachusetts
January 30, 2026

CITY OF CAMBRIDGE, MASSACHUSETTS
Management's Discussion and Analysis
Required Supplementary Information (Unaudited)
June 30, 2025

Management of the City of Cambridge (the City) provides this Management's Discussion and Analysis as part of the City's Annual Comprehensive Financial Report (ACFR) to assist readers of the basic financial statements in understanding the financial activities of the City for the fiscal year ended June 30, 2025. We encourage readers to consider this information in conjunction with the transmittal letter at the front of this report and the City's basic financial statements, which follow this section.

Overview of the Financial Statements

The City's financial statements present two types of statements each with a different view of the City's finances. This approach focuses on both the City as a whole (government-wide) and the fund financial statements. The government-wide financial statements provide both long-term and short-term information about the City as a whole. The fund financial statements focus on the individual parts of the City government, reporting the City's operations in more detail than the government-wide statements. Both presentations (government-wide and fund) allow the user to address relevant questions, broaden the basis of comparison and enhance the City's accountability. The remaining statements provide financial information about activities for which the City acts solely as a trustee or agent for the benefit of those outside of the government. An additional part of the basic financial statements are the notes to the financial statements. This report also contains other required supplementary information in addition to the basic financial statements.

Government-Wide Financial Statements

The government-wide statements report information about the City as a whole, and use accounting methods similar to those used by private-sector companies. The statements provide both short-term and long-term information about the City's financial position, which assists in assessing the City's economic position at the end of the fiscal year. The statements are prepared using the flow of economic resources measurement focus and the full accrual basis of accounting. All revenues and expenses connected with the fiscal year are reported even if cash involved has not been received or disbursed. The government-wide financial statements include two statements:

Statement of Net Position – Presents all the government's assets, deferred outflows, liabilities and deferred inflows, with the difference being reported as "net position". The amount of net position is widely considered a good measure of the City's financial health as increases and decreases in the City's net position serve as a useful indicator of whether the City's financial position is improving or deteriorating. The reader should consider other nonfinancial factors, such as the condition of the City's infrastructure and changes to the property tax base, to assess the overall health of the City.

Statement of Activities – Presents information showing how the government's net position changed during the most recent fiscal year. Revenues and expenses are reported for some items that will not result in cash flows until future fiscal periods, i.e., uncollected taxes or earned but unused sick and vacation time. This statement also presents a comparison between direct expenses and program revenues for each function of the City.

In the government-wide statements, financial information is presented in three columns in order to summarize the City's programs or activities. The types of activities presented are as follows:

Governmental Activities – Taxes and intergovernmental revenues primarily support the functions of the government and are reported in this section. Most of the City's basic services are reported here including

CITY OF CAMBRIDGE, MASSACHUSETTS

Management's Discussion and Analysis Required Supplementary Information (Unaudited)

June 30, 2025

general government, public safety, public works, parks and recreation, library, schools, human services, public health programs, state and district assessments, debt service and other employee benefits.

Business-Type Activities – These functions normally are intended to recover all or a significant portion of their costs through user fees and charges to external users of goods and services. The Water Fund operation is considered a business-type activity.

Discretely Presented Component Units – Includes the Cambridge Health Alliance and the Cambridge Redevelopment Authority.

The Cambridge Health Alliance (CHA) is a separate legal entity for which the City has financial accountability and provides operating subsidies. It operates similar to a private sector business and the business-type activity described above.

Complete financial statements for the CHA can be obtained from its administrative offices located at 101 Station Landing, 5th Floor, Medford, Massachusetts 02155.

The Cambridge Redevelopment Authority (CRA) is a separate legal entity for which the City has financial accountability and provides a significant amount of intergovernmental revenue that will be used solely for capital projects that are under CRA oversight. It operates similar to a private sector business and the business-type activity described above.

Complete financial statements for the CRA for its fiscal year ended December 31, 2024 are available from its offices at 255 Main Street 8th Floor, Cambridge, MA 02142.

Fund Financial Statements

Traditional users of government financial statements will find the fund financial statement presentation to be most familiar. A fund is a grouping of related accounts that is used to keep control over resources that have been allocated to specific projects or activities. The City uses fund accounting to ensure and demonstrate compliance with several finance-related legal requirements.

All of the funds of the City can be divided into three categories as follows:

Governmental Funds – Most of the basic services provided by the City are financed through governmental funds. Governmental funds are used to account for the same functions reported as governmental activities in the government-wide financial statements. However, the governmental fund financial statements focus on near-term inflows and outflows of resources to be spent. The focus is also on the balances left at the end of the fiscal year available for spending. This information is useful in evaluating the City's near-term financing requirements. This approach is the modified accrual basis of accounting, which uses the flow of current financial resources measurement focus. Such statements provide a detailed short-term view of the City's finances that assist in determining whether there will be adequate financial resources available to meet current needs.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. This

CITY OF CAMBRIDGE, MASSACHUSETTS

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June 30, 2025

comparison will assist the reader in understanding the long-term impact of the government's near-term financing decisions. The governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide reconciliations to facilitate the comparison. The reconciliations are presented on the page immediately following each respective governmental fund financial statement.

The City has several governmental funds; four are considered major funds for presentation purposes. Each major fund is presented in a separate column in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances. The remaining governmental funds are aggregated and shown as other governmental funds.

Proprietary Fund – Provides services for which the City charges customers a fee and operates like a commercial business. The proprietary fund provides the same type of information as in the government-wide financial statements, only in more detail. Like the government-wide financial statements, proprietary fund financial statements use the full accrual basis of accounting. There is no reconciliation needed between the government-wide financial statements for the business-type activity and the proprietary fund financial statements.

Fiduciary Funds – Such funds are used to account for resources held for the benefit of parties outside the City government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of these funds are not available to support the City's own programs. The full accrual basis of accounting is used for fiduciary funds and is much like that used for proprietary funds.

The City's fiduciary funds are the Employee Retirement System which accounts for the transactions, assets, liabilities and net position of the City employees' pension plan; the Other Postemployment Benefits (OPEB) Trust Fund, which is an irrevocable trust established for the accumulation of assets to reduce the liability associated with the City's obligation for other postemployment benefits; and the Private Purpose Trust and Custodial Funds, which include money held and administered by the City of behalf of third parties.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately following the Discretely Presented Component Unit Financial Statements.

Required Supplementary Information

The basic financial statements are followed by a section of required supplementary information. This section includes a budgetary comparison schedule for the City's general fund – the only fund for which an annual budget is legally adopted. The budgetary comparison also includes a reconciliation of revenues and expenditures reported on the City's budgetary basis of accounting and the revenues and expenditures reported on a GAAP basis. Also included is historical information for the City's pension and other postemployment benefit obligations and related schedules of employers' contributions.

CITY OF CAMBRIDGE, MASSACHUSETTS
Management's Discussion and Analysis
Required Supplementary Information (Unaudited)
June 30, 2025

Current Year Financial Impacts

- The City's OPEB obligation significantly impacts the Government wide financial results. As of the measurement date, the City reported net OPEB liability, net of deferrals of \$857 million, a decrease of \$14.3 million compared to the prior measurement date.
- In fiscal year 2025, the City's contribution to the OPEB Trust Fund was \$30.9 million for retirees' health benefits which offset the benefit expenses of \$28.9 million. In 2025 and 2024, the OPEB Trust Fund earned investment income, in the amount of \$2.8 million and \$3.8 million, respectively. This increase is attributed to increased portfolio performance and improved market conditions.
- The City's net pension liability also significantly impacts the Government-wide financial results. The City is required to report its proportionate share of the collective net pension liability, net of deferrals of \$77.7 million, a decrease of \$19.9 million compared to the prior measurement date.

Government-Wide Financial Analysis

Statement of Net Position

The following table reflects the condensed net position based on the statement of net position found on page A-15.

The City's combined net position (governmental and business-type activities) exceeded its liabilities on June 30, 2025, by \$1.1 billion (presented as net position). Of this amount, (\$340.0) million was reported as "unrestricted net position" and \$114.6 million was reported as restricted. The remainder represents the investment in capital assets such as land, buildings, equipment, and infrastructure (roads, sewer pipes, dams, and other immovable assets), less any related debt used to acquire that asset that is still outstanding – the amount is \$1,301.4 million and indicates the amount of the net book value of the City's capital assets that exceeds capital debt. Since most of the City's debt has a ten-year life, a considerable amount of the City's capital asset lives extend beyond the life of the debt. The City uses these capital assets to service the community; therefore, they are not available for future spending. Other resources are needed to repay the debt because the capital assets cannot be used to finance these liabilities.

Included within the governmental activities current and other assets are cash and investments of \$961.5 million, down .34% from prior year; and net receivables of \$46.6 million, down \$2.5 million from prior year.

Governmental activities total liabilities include \$754.5 million in general obligation bonds and note payable; \$26.1 million in compensated absence liabilities for vested sick and vacation leave; and \$25.5 million in future year workers' compensation, health benefits and possible judgments and claims. The major change in liabilities is attributed to a \$79.3 million increase in bonds payable due to continued school building construction, city fire headquarters renovation, and infrastructure improvements projects.

CITY OF CAMBRIDGE, MASSACHUSETTS
Management's Discussion and Analysis
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Business-type activity liabilities totaled \$6.3 million, which includes \$1.3 million in accounts payable and accrued payroll expenses, \$4.0 million in general obligation bonds, \$647.0 thousand in compensated absences and \$341.0 thousand in future year workers' compensation and health benefits.

Condensed Schedule of Net Position

June 30, 2025 and 2024

(in millions)

	Governmental activities		Business type activities		Total primary government	
	June 30		June 30		June 30	
	2025	2024	2025	2024	2025	2024
Total assets and deferred outflows:						
Current and other assets	\$ 1,026.2	1,035.1	18.1	20.2	1,044.3	1,055.3
Capital assets	1,795.6	1,692.2	124.5	120.5	1,920.1	1,812.7
Total assets	2,821.8	2,727.3	142.6	140.7	2,964.4	2,868.0
Deferred outflows	96.9	170.4	—	—	96.9	170.4
Total assets and deferred outflows	\$ 2,918.7	2,897.7	142.6	140.7	3,061.3	3,038.4
Total liabilities and deferred inflows:						
Long-term liabilities	\$ 1,583.5	1,578.6	4.1	0.5	1,587.6	1,579.1
Other liabilities	228.1	248.6	2.2	1.7	230.3	250.3
Total liabilities	1,811.6	1,827.2	6.3	2.2	1,817.9	1,829.4
Deferred inflows	167.5	208.9	—	—	167.5	208.9
Total liabilities and deferred inflows	\$ 1,979.1	2,036.1	6.3	2.2	1,985.4	2,038.3
Net position:						
Net investment in capital assets	\$ 1,182.2	1,134.9	119.2	120.3	1,301.4	1,255.2
Restricted	114.6	103.5	—	—	114.6	103.5
Unrestricted	(357.2)	(376.8)	17.1	18.2	(340.1)	(358.6)
Total net position	\$ 939.6	861.6	136.3	138.5	1,075.9	1,000.1

Statement of Changes in Net Position

The City's total net position increased by \$75.9 million in fiscal year 2025 of which the governmental activities net position increased \$78.0 million and the business-type activity decreased \$2.1 million. The continued investment in the City's capital assets of \$107.4 million is the main contributor to governmental activities' increase in assets. The increase in long-term liabilities of \$8.5 million is mainly due to the increase in bonds and notes payable, partially offset by a decrease in net pension liability.

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This summary of net changes is based upon the statement found on page A-16.

Condensed Schedule of Changes in Net Position

June 30, 2025 and 2024

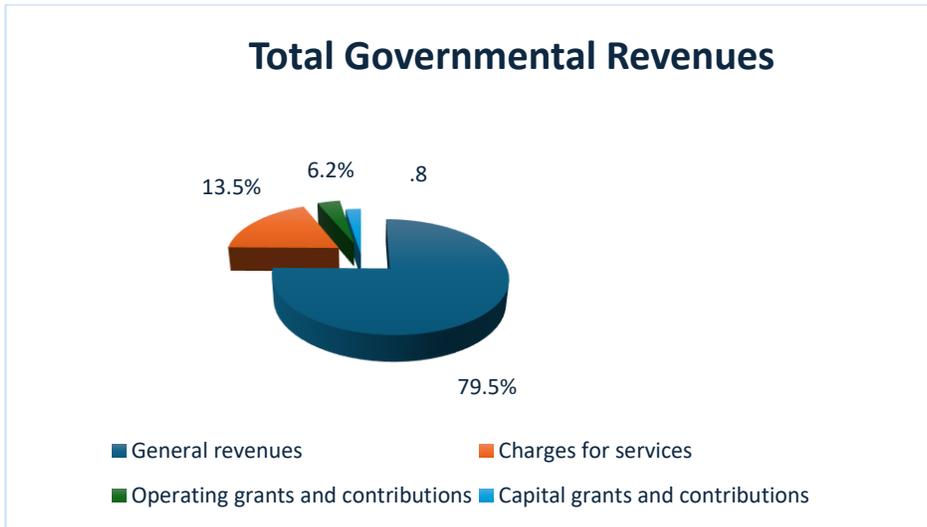
(In millions)

	Governmental activities		Business-type activity		Total primary government	
	June 30		June 30		June 30	
	2025	2024	2025	2024	2025	2024
Charges for services	\$ 144.7	162.9	20.0	19.4	164.7	182.3
Operating grants and contributions	66.8	69.9	—	—	66.8	69.9
Capital grants and contributions	8.8	7.8	—	—	8.8	7.8
General revenues:						
Taxes:						
Property taxes levied	629.4	582.2	—	—	629.4	582.2
Excises	33.9	33.3	—	—	33.9	33.3
Payment in lieu of taxes	8.9	8.7	—	—	8.9	8.7
Grants and contributions not restricted	79.2	82.2	—	—	79.2	82.2
Investment income	31.9	32.2	0.1	0.1	32.0	32.3
Miscellaneous	67.5	109.0	—	—	67.5	109.0
Total revenues	1,071.1	1,088.2	20.1	19.5	1,091.2	1,107.7
Expenses:						
General government	76.0	90.0	—	—	76.0	90.0
Public safety	201.4	196.3	—	—	201.4	196.3
Community maintenance and development	243.3	211.9	—	—	243.3	211.9
Human resource development	109.8	99.4	—	—	109.8	99.4
Education	342.7	337.2	—	—	342.7	337.2
Water department	—	—	21.5	20.2	21.5	20.2
Interest	20.6	16.8	—	—	20.6	16.8
Total expenses	993.8	951.6	21.5	20.2	1,015.3	971.8
Excess before transfers	77.3	136.6	(1.4)	(0.7)	75.9	135.9
Transfers	0.7	0.7	(0.7)	(0.7)	—	—
Change in net position	78.0	137.3	(2.1)	(1.4)	75.9	135.9
Net position – beginning	861.6	724.3	138.4	139.9	1,000.0	864.2
Net position – ending	\$ 939.6	861.6	136.3	138.5	1,075.9	1,000.1

CITY OF CAMBRIDGE, MASSACHUSETTS
 Management's Discussion and Analysis
 Required Supplementary Information (Unaudited)
 June 30, 2025

Total Revenues

Total governmental activities revenues for the City are comprised of general revenues of \$851.5 million, charges for services \$144.7 million, operating grants and contributions \$66.8 million and capital grants and contributions of \$8.8 million.



General

Real estate tax revenues are the City's largest revenue source at \$629.4 million representing 73.9% of general revenues. The assessed tax valuation base is \$76.2 billion up from \$75.9 billion assessed in the prior year showing a .47% increase, which is primarily due to new construction and FY25 amended growth.

Grants and contributions not restricted to specific programs is \$79.2 million representing 9.3% of general revenues and include state cherry sheet revenues, Massachusetts Teachers Retirement System (MTRS) contributions and other unrestricted contributions. There was a \$3.0 million decrease over the prior year, which is primarily due to the decrease in MTRS contributions.

Program

Charges for services are \$144.7 million, which is a decrease of \$18.2 million from prior year and represents a decrease from a variety of department revenues. The community maintenance and development portion of \$74.2 million decreased by \$1.2 million over prior year and includes sewer service revenues, community cable revenues and other public works type fees. The human resources development portion of \$7.0 million remained the same as prior year. The public safety portion of \$62 million decreased by \$17 million over the prior year primarily due to reduced building permit revenue.

Operating grants and contributions of \$66.8 million decreased by \$3.0 million over the prior year and account for approximately 6.2% of the total City revenues. The funding source represents several federal and state grants restricted to specific grant conditions. Contributors to the decrease is the ARPA revenue recognition of \$6.8 million offset by the increase in School grants by \$3.8 million.

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Expenses

For the fiscal year ended June 30, 2025, expenses for government activities totaled \$993.9 million, which cover a range of services including but not limited to public safety, education, and community maintenance. The City's expenses increased by \$42.3 million or 4.4% over prior year. A portion of the increase is attributable to cost of living and employee benefit increases of approximately 3%.

As stated above, the City's affordable housing initiative and the preservation of open space are very important. This is the twenty third year of the Community Preservation Act (CPA). This program fosters investment in permanent affordable housing projects, preservation of historic locations, protection of open space and the restoration/creation of parks and recreation areas. Expenses related to these initiatives are recorded in the community maintenance and development category. During 2025, the City spent \$58 million from the Affordable Housing Trust to subsidize housing projects.

Business-Type Activity

Net position of the Business-Type Activity at the end of the year consisted of unrestricted net position of \$17.1 million and a net investment in capital assets of \$119.2 million.

Business-Type Activity decreased net position by \$2.1 million. The net position change reflects a decrease of \$2.1 million in unrestricted net position.

Financial Analysis of the City's Fund Statements

This analysis is based on the Governmental and Proprietary fund Financial Statements. As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Governmental Funds

The focus of the City's governmental funds is to provide information on near term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financial requirements. In particular, unassigned fund balance may serve as a useful measure of a government's financial position at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported a combined ending fund balance of \$858.1 million. Of this amount, \$288.2 million was restricted because the funds include grants or bonded projects that are controlled by external sources. Also, \$349.2 million has been committed for specific purposes such as stabilization funds, health claims trust fund, parking fund, etc., for which the movement of these funds must be approved by the highest legislative level at the City, which is the City Council. Finally, \$25.8 million has been assigned for encumbrance balances. The remainder of the fund balance of \$194.9 million is considered "Unassigned".

The General Fund is the chief operating fund of the City. At the end of the current year, unassigned fund balance was \$200.8 million, while the total fund balance was \$366.8 million. The overall decrease in unassigned fund balance is the result of decreased revenues from the issuance of building permits and sewer charges.

CITY OF CAMBRIDGE, MASSACHUSETTS
Management's Discussion and Analysis
Required Supplementary Information (Unaudited)
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As a measure of liquidity, it may be useful to compare both unassigned and total fund balances to total fund expenditures. Unassigned fund balance represents 22.2% of total General Fund expenditures, while the total balance represents 40.5% of that same amount.

The Capital fund accounts for all the financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by the proprietary fund. The fiscal year 2025 Capital fund fund balance is \$232.6 million, an increase of \$16.4 million from fiscal year 2024. This increase is a result of the significant increase in the bond issuance to fund increased capital spending on the new Tobin School scheduled for completion in the first quarter of FY26 and the ongoing renovations to fire headquarters.

The affordable housing trust fund is the fund that captures all the affordable housing construction projects and the preservation of affordable housing units for the City. At the end of fiscal year 2025, the total fund balance was \$202.1 million which is an increase of 3.6%. The trust increased expenditures by \$20.3 million over prior year due to increase in project loan activity and still managed a 3.6% increase in total fund balance. This fund was established in the 1990's to provide funding for housing projects to increase the supply of affordable housing units for the City.

Beginning in fiscal 2021 and continuing in fiscal 2023, 2024 and 2025, the City Grants Fund is reported separately due to the increase in expenditures from the COVID-19 ARPA and FEMA grants. The grants funded shelters and meals for the most vulnerable population, community COVID testing sites, and public safety overtime to assist in vaccine and testing clinics throughout the City. The ARPA expenditures were \$22.3 million in the current year with a year-to-date grant total of \$75.9 million. The fiscal year 2025 City Grant Fund balance is \$9.0 million, an increase of \$6.9 million from 2024.

The Other Governmental fund is used to account for programs such as, Community Development Block Grant, various school grants, the Parking Fund, Community Preservation Act, the Aggregation Adder Fund and Opioid Settlement Fund. These funds receive funding from sources such as federal and state grants and from fees. The fiscal year 2025 Other governmental fund balance is \$47.5 million, an increase of \$7.4 million from 2024. This was a result of increased revenues in all of the various programs making up the Other Governmental Fund.

Proprietary Fund

The City's proprietary fund provides the same type of information found in the government-wide statements, but in more detail.

The Water Fund operating revenues increased \$527.2 thousand or 2.7% as a result of a 6.8% rate increase but the System did experience a decrease in usage. Also, the FY25 operating costs increased \$1.2 million because of increases in depreciation expense, plant material costs, and employee salaries COL increase of 3%. This resulted in a decrease in the net position of \$2.1 million. The net position change reflects a slight decrease in net investment in capital assets of .06% and the decrease in unrestricted net position of \$2.1 million or 11.3%.

CITY OF CAMBRIDGE, MASSACHUSETTS
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June 30, 2025

General Fund Budgetary Highlights

The City submits its budget to the City Council in April and six months later sets the tax rate at the Massachusetts Department of Revenue. During this process, the City reviews and revises its revenue and expenditure plan for final adoption before setting the tax rate. The following are some of the major changes:

1. Cherry sheet revenues and expenditures are estimated in the original budget based upon previous year's cherry sheet revenues and adjusted, if needed, for the final budget.
2. Certain other revenues were adjusted based upon the previous year's actual and slightly increased estimates this year.

The following information pertains to the revenues and expenditures of the general fund. This data is included in the Schedule of Revenues and Expenditures-Budgetary Basis, which presents financial information on the budgetary basis of accounting.

Revenues and Other Financing Sources

Fiscal year 2025 actual revenues on a budgetary basis totaled \$864.2 million. This represents an increase of \$13.7 million or 1.6% from fiscal year 2024. Property taxes are the single largest revenue source, representing approximately 72.2% of general fund revenues, net of abatements. Sewer use receipts comprise the City's next largest revenue source, representing 8.3%. Other Income was lower than budget because of a decrease in building permits (\$15 million), and mitigation payments.

Expenditures

During fiscal year 2025, total expenditures increased by \$85.7 million or 10.4% on a budgetary basis mainly due to a 3.0% cost of living increase and increased operating cost.

Capital Asset and Debt Administration

Capital Assets

As of June 30, 2025, the City's capital assets of its governmental activities and business-type activity amounted to \$1.92 billion (net of depreciation). The City's capital assets include land, buildings, improvements, machinery and equipment, open space, infrastructure and leased assets.

Some of the major capital asset events during the current fiscal year included several ongoing sewer separation projects scattered throughout the City, which are funded through bonds and state grants, several ongoing school building construction projects, the largest one opening in September 2025 and the City's ongoing firehouse headquarters renovation.

Additional information on the City's capital assets can be found in note 5.

CITY OF CAMBRIDGE, MASSACHUSETTS
Management's Discussion and Analysis
Required Supplementary Information (Unaudited)
June 30, 2025

Debt

At year-end, the City had \$758.1 million in outstanding bonds compared to \$675.2 million last year.

	Governmental activities		Business-type activity		Totals	
	2025	2024	2025	2024	2025	2024
General obligation bonds payable	\$ 754.5	675.2	3.6	—	758.1	675.2

The City maintains bond ratings with Fitch Ratings of AAA, Moody's Investors Service Inc. of AAA, and Standard & Poor's Corporation of AAA.

Additional information on the City's debt can be found in note 8.

Economic Factors and Next Year's Budgets and Rates

The City's tax levy increased \$50.5 million, or 8.0%, to \$678.9 million in fiscal year 2026. The City's excess tax capacity, an extremely important indication of the City's financial health remained strong. The excess tax levy capacity decreased from \$189.1 million in FY25 to \$172.9 million in FY26, an 8.6% decrease.

The FY26 operating budget increased by 3.7% over the FY25 adopted budget. The FY26 Adopted Capital budget totaled \$151.1 million. The largest component of the FY26 Capital budget was the appropriation of \$49.4 million for street infrastructure improvements and surface enhancements. Also, \$26.5 million for sewer infrastructure improvements and the combined sewer overflow project. Revenues and expenditure adjustments were made to the Adopted FY26 Operating budget when the property tax rate was set in the fall of 2025 because of clearer information being available around state and property tax revenues.

New Accounting Standards

During the fiscal year ended June 30, 2025, the City adopted GASB Statement No. 101 "*Compensated Absences*", and GASB Statement No. 102 "*Certain Risk Disclosures*."

Additional information regarding the effects of adopting these new accounting standards can be found in Note 2(q) of the financial statements.

Contacting the City's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. Questions concerning the information provided in this report or requests for additional information should be addressed to: City of Cambridge, Attn: City Auditor, 795 Massachusetts Avenue, Cambridge, MA 02139-3219.

CITY OF CAMBRIDGE, MASSACHUSETTS

Statement of Net Position

June 30, 2025

Assets and Deferred Outflows of Resources	Primary government			Aggregate Discretely presented component units
	Governmental activities	Business-type activity	Total	
Cash and investments	\$ 961,458,460	13,437,245	974,895,705	361,237,225
Cash and investments held by trustees	—	—	—	6,117,442
Receivables, net:				
Property taxes	8,264,604	—	8,264,604	—
Motor vehicle excise	2,042,300	—	2,042,300	—
Tax title and possessions	3,593,843	—	3,593,843	—
Leases	217,956	—	217,956	1,714,044
Subscription assets	—	—	—	10,995,594
Intergovernmental	3,532,738	—	3,532,738	—
Other	28,903,798	5,689,047	34,592,845	40,402,102
Other assets	80,000	—	80,000	186,951,349
Internal balances	(32,723)	32,723	—	—
Noncurrent leases and other receivable accounts	18,106,175	—	18,106,175	3,225,993
Notes receivable	—	—	—	250,000
Investment in other property	—	—	—	5,000,000
Development projects held for sale	—	—	—	65,785
Capital assets:				
Nondepreciable	563,202,616	45,512,204	608,714,820	21,271,705
Depreciable, net	1,232,447,007	78,001,518	1,310,448,525	251,287,409
Total assets	2,821,816,774	142,672,737	2,964,489,511	888,518,648
Deferred outflows of resources:				
Related to debt refundings	3,205,629	—	3,205,629	—
Related to pensions	62,745,437	—	62,745,437	13,548,341
Related to other post employment benefits	30,930,766	—	30,930,766	5,009,122
Total assets and deferred outflows of resources	2,918,698,606	142,672,737	3,061,371,343	907,076,111
Liabilities and Deferred Inflows of Resources				
Warrants and accounts payable	53,251,121	1,144,413	54,395,534	65,467,890
Accrued liabilities:				
Tax abatements	5,880,100	—	5,880,100	25,449,375
Accrued payroll	28,139,231	136,047	28,275,278	—
Accrued interest	11,139,105	61,804	11,200,909	25,907,573
Other	6,102,607	—	6,102,607	5,853,495
Unearned revenue	14,889,722	—	14,889,722	—
Long-term liabilities:				
Due within one year:				
Bonds and notes payable	79,033,988	415,000	79,448,988	166,205
Due to third parties	—	—	—	1,025,713
Compensated absences	12,505,000	284,000	12,789,000	27,943,239
Payroll tax deferral	—	—	—	—
Lease payable	1,330,029	—	1,330,029	8,004,857
Subscription liability	—	—	—	4,455,142
Landfill	28,333	—	28,333	—
Judgments and claims	14,725,400	150,000	14,875,400	—
Pollution remediation	1,127,750	—	1,127,750	—
Due in more than one year:				
Bonds and notes payable	675,482,731	3,598,943	679,081,674	6,050,560
Due to third parties	—	—	—	36,984,712
Compensated absences	13,625,000	363,000	13,988,000	—
Landfill	708,334	—	708,334	—
Lease payable	2,783,318	—	2,783,318	73,809,280
Subscription liability	—	—	—	4,464,372
Judgments and claims	10,826,700	190,900	11,017,600	—
Net OPEB liability	749,843,851	—	749,843,851	108,765,405
Pollution remediation	1,878,044	—	1,878,044	—
Net pension liability	128,330,964	—	128,330,964	29,271,148
Total liabilities	1,811,631,328	6,344,107	1,817,975,435	423,618,966
Deferred inflows of resources:				
Related to pensions	12,107,590	—	12,107,590	2,848,840
Related to other post employment benefits	138,062,601	—	138,062,601	27,399,103
Related to rent	17,298,909	—	17,298,909	4,893,090
Total liabilities and deferred inflows of resources	1,979,100,428	6,344,107	1,985,444,535	458,759,999
Net Position				
Net investment in capital assets	1,182,186,940	119,179,477	1,301,366,417	186,598,292
Restricted for:				
Capital projects	66,332,223	—	66,332,223	—
Community preservation	24,237,958	—	24,237,958	—
Specific purposes	23,984,717	—	23,984,717	8,900,000
Other purposes	—	—	—	14,219,515
Unrestricted	(357,143,660)	17,149,153	(339,994,507)	238,592,305
Total net position	\$ 939,598,178	136,328,630	1,075,926,808	448,310,112

See accompanying notes to basic financial statements.

CITY OF CAMBRIDGE, MASSACHUSETTS
Statement of Activities
Year ended June 30, 2025

Functions/programs	Program revenues				Net (expense) revenue and changes in net position			Aggregate discretely presented component units
	Expenses	Charges for services	Operating grants and contributions	Capital grants and contributions	Primary government		Total	
					Governmental activities	Business-type activity		
Primary government:								
Governmental activities:								
General government	\$ 76,054,786	225,935	—	—	(75,828,851)	—	(75,828,851)	
Public safety	201,425,000	61,981,245	557,223	—	(138,886,532)	—	(138,886,532)	
Community maintenance and development	243,326,402	74,204,764	3,778,207	8,814,349	(156,529,082)	—	(156,529,082)	
Human resource development	109,762,910	6,895,078	40,098,204	—	(62,769,628)	—	(62,769,628)	
Education	342,705,117	1,361,044	22,359,116	—	(318,984,957)	—	(318,984,957)	
Interest on long-term debt	20,579,806	—	—	—	(20,579,806)	—	(20,579,806)	
Total governmental activities	993,854,021	144,668,066	66,792,750	8,814,349	(773,578,856)	—	(773,578,856)	
Business-type activity:								
Water	21,474,802	19,959,109	—	—	—	(1,515,693)	(1,515,693)	
Total business-type activity	21,474,802	19,959,109	—	—	—	(1,515,693)	(1,515,693)	
Total primary government	\$ 1,015,328,823	164,627,175	66,792,750	8,814,349	(773,578,856)	(1,515,693)	(775,094,549)	
Aggregate discretely presented component units:								
Cambridge Health Alliance	\$ 1,086,264,719	459,240,867	669,525,786	—	—	—	—	42,501,934
Cambridge Redevelopment Authority	6,486,241	1,747,553	50,000	—	—	—	—	(4,688,688)
Total component units	\$ 1,092,750,960	460,988,420	669,575,786	—	—	—	—	37,813,246
General revenues:								
Taxes:								
Property taxes, levied for general purposes					\$ 629,443,105	—	629,443,105	—
Excises					33,905,523	—	33,905,523	—
Payments in lieu of taxes					8,900,376	—	8,900,376	—
Grants and contributions not restricted					79,245,746	—	79,245,746	—
Investment income					31,876,560	115,350	31,991,910	17,519,802
Sale of development rights					—	—	—	67,540,494
Miscellaneous					67,453,698	—	67,453,698	—
Transfers					729,340	(729,340)	—	—
Total general revenues and transfers					851,554,348	(613,990)	850,940,358	85,060,296
Change in net position					77,975,492	(2,129,683)	75,845,809	122,873,542
Net position – beginning, as restated (a)					861,622,686	138,458,313	1,000,080,999	325,436,570
Net position – ending					\$ 939,598,178	136,328,630	1,075,926,808	448,310,112

See accompanying notes to basic financial statements.

(a) Beginning of year net position of discretely presented component units was restated for GASB Statement No. 101 (CHA only).

CITY OF CAMBRIDGE, MASSACHUSETTS

Balance Sheet – Governmental Funds

June 30, 2025

Assets	General fund	Capital fund	Affordable housing trust fund	City grants fund	Other governmental funds	Total governmental funds
Cash and investments	\$ 426,672,552	260,523,021	200,036,088	25,140,313	49,086,486	961,458,460
Receivables, net:						
Property taxes	8,264,604	—	—	—	—	8,264,604
Motor vehicle excise	2,042,300	—	—	—	—	2,042,300
Tax title and possessions	3,593,843	—	—	—	—	3,593,843
Leases	18,324,130	—	—	—	—	18,324,130
Intergovernmental	—	1,867,778	—	921,625	743,335	3,532,738
Departmental and other	20,293,531	—	8,286,824	—	323,443	28,903,798
Total receivables	52,518,408	1,867,778	8,286,824	921,625	1,066,778	64,661,413
Other assets	80,000	—	—	—	—	80,000
Due from other funds	—	569,969	—	—	—	569,969
Total assets	\$ 479,270,960	262,960,768	208,322,912	26,061,938	50,153,264	1,026,769,842
Liabilities, Deferred Inflows of Resources and Fund Balances						
Liabilities:						
Warrants and accounts payable	\$ 13,058,906	30,331,029	6,199,082	2,034,311	1,627,793	53,251,121
Accrued liabilities:						
Tax abatements	3,920,100	—	—	—	—	3,920,100
Judgments and claims	14,725,400	—	—	—	—	14,725,400
Accrued payroll	27,866,982	24,256	—	47,224	200,769	28,139,231
Other	5,988,096	—	—	—	114,511	6,102,607
Unearned revenue	—	—	—	14,889,722	—	14,889,722
Due to other funds	32,723	—	—	—	569,969	602,692
Total liabilities	65,592,207	30,355,285	6,199,082	16,971,257	2,513,042	121,630,873
Deferred inflows of resources:						
Unavailable revenue	29,610,962	—	—	—	157,031	29,767,993
Related to rent	17,298,909	—	—	—	—	17,298,909
Fund balances (deficit):						
Restricted	—	232,605,483	—	14,935,270	40,674,507	288,215,260
Committed	140,257,510	—	202,123,830	—	6,808,684	349,190,024
Assigned	25,756,500	—	—	—	—	25,756,500
Unassigned	200,754,872	—	—	(5,844,589)	—	194,910,283
Total fund balances (deficit)	366,768,882	232,605,483	202,123,830	9,090,681	47,483,191	858,072,067
Total liabilities, deferred inflows of resources, and fund balances (deficit)	\$ 479,270,960	262,960,768	208,322,912	26,061,938	50,153,264	1,026,769,842

See accompanying notes to basic financial statements.

CITY OF CAMBRIDGE, MASSACHUSETTS

Reconciliation of the Governmental Funds Balance Sheet to the
Statement of Net Position

June 30, 2025

Total fund balance – governmental funds	\$	858,072,067
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds		1,790,329,593
Net lessee activities		1,206,684
Adjust deferred inflows of resources to record revenues on an accrual basis		29,767,993
Capitalized loss on debt refunding in the government-wide statements that is not capitalized in the governmental funds		3,205,629
Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:		
General obligation bonds, net		754,516,719
Accrued interest on bonds		11,139,105
Compensated absences		26,130,000
Landfill		736,667
Judgments and claims		10,826,700
Tax abatements		1,960,000
Pollution remediation		3,005,794
Net pension liability, net of deferred amounts		77,693,117
Net OPEB liability, net of deferred amounts		856,975,686
		<u>1,742,983,788</u>
Net position of governmental activities	\$	<u>939,598,178</u>

See accompanying notes to basic financial statements.

CITY OF CAMBRIDGE, MASSACHUSETTS
Statement of Revenues, Expenditures, and Changes in Fund Balances –
Governmental Funds
Year ended June 30, 2025

	General fund	Capital fund	Affordable housing trust fund	City Grants fund	Other governmental fund	Total governmental funds
Revenues:						
Real and personal property taxes	\$ 631,730,174	—	—	—	—	631,730,174
Excises:						
Hotel/motel/meals/other	25,062,222	—	—	—	—	25,062,222
Motor vehicles	8,244,317	—	—	—	—	8,244,317
Payments in lieu of taxes	8,900,376	—	—	—	—	8,900,376
Intergovernmental	79,245,746	8,814,349	—	40,098,204	26,694,546	154,852,845
Investment income	20,282,275	141,808	9,838,782	792,762	820,933	31,876,560
Sewer use charges	69,820,523	—	—	—	—	69,820,523
Departmental and other	74,615,255	994,900	18,542,143	1,662,233	44,603,956	140,418,487
Total revenues	<u>917,900,888</u>	<u>9,951,057</u>	<u>28,380,925</u>	<u>42,553,199</u>	<u>72,119,435</u>	<u>1,070,905,504</u>
Expenditures:						
Current:						
General government	60,279,087	—	—	13,806,538	10,000	74,095,625
Public safety	191,461,418	—	—	1,559,507	—	193,020,925
Community maintenance and development	91,810,240	—	62,944,981	4,613,125	4,403,334	163,771,680
Human resource development	87,814,305	—	—	16,673,061	815,194	105,302,560
Education	295,137,393	—	—	—	21,292,278	316,429,671
Judgments and claims	4,475,914	—	—	—	—	4,475,914
State and district assessments	73,203,082	—	—	—	—	73,203,082
Capital outlays	—	185,165,480	—	—	—	185,165,480
Debt service	101,471,328	—	—	—	—	101,471,328
Total expenditures	<u>905,652,767</u>	<u>185,165,480</u>	<u>62,944,981</u>	<u>36,652,231</u>	<u>26,520,806</u>	<u>1,216,936,265</u>
Excess (deficiency) of revenues over expenditures	<u>12,248,121</u>	<u>(175,214,423)</u>	<u>(34,564,056)</u>	<u>5,900,968</u>	<u>45,598,629</u>	<u>(148,030,761)</u>
Other financing sources (uses):						
Premium on debt issuance	634,090	12,148,525	—	—	—	12,782,615
Issuance of debt	—	149,650,000	—	—	—	149,650,000
Transfers in	22,547,385	29,875,000	41,685,750	1,000,000	1,174,495	96,282,630
Transfers out	(56,116,774)	(28,471)	—	—	(39,408,045)	(95,553,290)
Total other financing (uses) sources	<u>(32,935,299)</u>	<u>191,645,054</u>	<u>41,685,750</u>	<u>1,000,000</u>	<u>(38,233,550)</u>	<u>163,161,955</u>
Net change in fund balances	<u>(20,687,178)</u>	<u>16,430,631</u>	<u>7,121,694</u>	<u>6,900,968</u>	<u>7,365,079</u>	<u>17,131,194</u>
Fund balance – beginning	<u>387,456,060</u>	<u>216,174,852</u>	<u>195,002,136</u>	<u>2,189,713</u>	<u>40,118,112</u>	<u>840,940,873</u>
Fund balance – ending	<u>\$ 366,768,882</u>	<u>232,605,483</u>	<u>202,123,830</u>	<u>9,090,681</u>	<u>47,483,191</u>	<u>858,072,067</u>

See accompanying notes to basic financial statements.

CITY OF CAMBRIDGE, MASSACHUSETTS

Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balance of Governmental Funds to the Statement of Activities

Year ended June 30, 2025

Net change in fund balances – total governmental funds	\$ 17,131,194
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. In the statement of activities, the cost of those assets is depreciated over their estimated useful lives. Capital outlays, applicable to capital assets, (\$171,381,886) exceeded depreciation expense (\$66,694,347)	104,687,539
Revenues are recorded on an accrual basis	194,673
Proceeds of long-term debt (\$149,650,000) increase long-term liabilities in the statement of net position, but are included in the operating statement of the governmental funds. Repayment of bond principal, (\$75,334,330) is an expenditure in the governmental funds, but reduces long-term liabilities in the statement of net position. This is the amount by which proceeds exceed payments.	(74,315,670)
Premiums received are revenues in the governmental funds, but are increases to long-term liabilities, net of amortization, in the statement of net position	(5,014,224)
Deferred loss on refunding is amortized in the statement of activities and is not reported in the governmental funds	(927,380)
Pension and other postemployment benefits reported in the statement of activities does require the use of current financial resources, and therefore, is not reported as an expenditure in the governmental funds	34,274,991
Net leasing activities	616,209
Some expenses reported in the statement of activities do not require the use of current financial resources, and therefore, are not reported as expenditures in the governmental funds. This amount represents the increase in non-current accrued interest (\$1,283,819), compensated absences (\$1,719,000) and in pollution remediation (\$230,254), offset by decreases in non-current claims (\$4,532,900) and landfill liabilities (\$28,333).	<u>1,328,160</u>
Change in net position of governmental activities	<u>\$ 77,975,492</u>

See accompanying notes to basic financial statements.

CITY OF CAMBRIDGE, MASSACHUSETTS

Statement of Net Position – Proprietary Fund

June 30, 2025

	Enterprise fund
	<u>Water fund</u>
Assets:	
Current assets:	
Cash and cash equivalents	\$ 13,437,245
Receivables, net	5,689,047
Due from other funds	<u>32,723</u>
Total current assets	<u>19,159,015</u>
Noncurrent assets:	
Capital assets:	
Nondepreciable	45,512,204
Depreciable, net	<u>78,001,518</u>
Total noncurrent assets	<u>123,513,722</u>
Total assets	<u>142,672,737</u>
Liabilities:	
Current liabilities:	
Warrants and accounts payable	1,144,413
Accrued liabilities:	
Accrued payroll	136,047
Interest	61,804
Bonds payable, current	415,000
Compensated absences	284,000
Claims	<u>150,000</u>
Total current liabilities	<u>2,191,264</u>
Noncurrent liabilities:	
Accrued liabilities:	
Bonds payable, non current	3,598,943
Compensated absences	363,000
Claims	<u>190,900</u>
Total noncurrent liabilities	<u>4,152,843</u>
Total liabilities	<u>6,344,107</u>
Net position:	
Net investment in capital assets	119,179,477
Unrestricted	<u>17,149,153</u>
Total net position	\$ <u><u>136,328,630</u></u>

See accompanying notes to basic financial statements.

CITY OF CAMBRIDGE, MASSACHUSETTS

Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Fund

Year ended June 30, 2025

	<u>Enterprise fund</u> <u>Water fund</u>
Operating revenues:	
Charges for services	\$ 19,959,109
Total operating revenues	<u>19,959,109</u>
Administration	5,693,937
Service and support programs	8,672,925
Interest	14,272
Depreciation	<u>7,093,668</u>
Total operating expenses	<u>21,474,802</u>
Operating loss	<u>(1,515,693)</u>
Nonoperating revenue:	
Investment earnings – other	<u>115,350</u>
Nonoperating revenue	<u>115,350</u>
Loss before transfers	(1,400,343)
Transfers to other funds	<u>(729,340)</u>
Change in net position	(2,129,683)
Total net position – beginning	<u>138,458,313</u>
Total net position – ending	\$ <u><u>136,328,630</u></u>

See accompanying notes to basic financial statements.

CITY OF CAMBRIDGE, MASSACHUSETTS

Statement of Cash Flows – Proprietary Fund

Year ended June 30, 2025

	Enterprise fund
	<u>Water fund</u>
Cash flows from operating activities:	
Cash received from customers	\$ 19,456,282
Cash paid to vendors	(9,083,646)
Cash paid to employees	<u>(5,586,909)</u>
Net cash provided by operating activities	<u>4,785,727</u>
Cash flows from noncapital financing activities:	
Transfers	<u>(729,340)</u>
Net cash used in noncapital financing activities	<u>(729,340)</u>
Cash flows from capital and related financing activities:	
Acquisition and construction of capital assets	(9,809,363)
Proceeds from the issuance of long term debt	<u>4,061,475</u>
Net cash used in capital and related financing activities	<u>(5,747,888)</u>
Cash flows from investing activities:	
Investment income	<u>115,350</u>
Net cash provided by investing activities	<u>115,350</u>
Change in cash and cash equivalents	(1,576,151)
Cash and cash equivalents, beginning of year	<u>15,013,396</u>
Cash and cash equivalents, end of year	\$ <u><u>13,437,245</u></u>
Reconciliation of operating loss to cash provided by operating activities:	
Operating loss	\$ (1,515,693)
Depreciation	7,093,668
Changes in operating assets and liabilities:	
Accounts receivable	(502,827)
Other liabilities	<u>(289,421)</u>
Net cash provided by operating activities	\$ <u><u>4,785,727</u></u>
Noncash capital and related financing activities:	
Noncash capital acquisitions	\$ (320,302)

See accompanying notes to basic financial statements.

CITY OF CAMBRIDGE, MASSACHUSETTS

Statement of Fiduciary Net Position

June 30, 2025

Assets	Pension and OPEB Trust Funds	Private Purpose Trust Funds	Custodial Fund
Cash and cash equivalents	\$ 5,834,412	5,123,550	307,649
Dividend and interest receivable	1,183,824	—	—
Lease receivable	205,505	—	—
Other assets	432,860	—	—
Due from broker for securities sold	2,752	—	—
Investments, at fair value:			
Fixed income securities	140,343,748	—	—
Equities	21,906,127	—	—
Pooled investments:			
Fixed income	179,482,057	—	—
Real estate	339,425,305	—	—
Domestic equities	566,348,367	—	—
International equities	319,576,799	—	—
International fixed income	50,995,616	—	—
Alternative	350,609,392	—	—
Total investments	1,968,687,411	—	—
Cash collateral on security lending	1,180,923	—	—
Right to use assets	1,437,524	—	—
Total assets	<u>\$ 1,978,965,211</u>	<u>5,123,550</u>	<u>307,649</u>
Liabilities			
Accrued liabilities	\$ 1,381,615	—	—
Cash collateral on security lending	1,180,923	—	—
Lease liability	1,695,318	—	—
Total liabilities	<u>\$ 4,257,856</u>	<u>—</u>	<u>—</u>
Deferred inflows of resources			
Related to rent	\$ 174,532	—	—
Total liabilities and deferred inflows of resources	<u>\$ 4,432,388</u>	<u>—</u>	<u>—</u>
Net Position			
Restricted for:			
Pensions	\$ 1,930,118,923	—	—
OPEB benefits	44,413,889	—	—
Individuals, organizations and other governments	—	5,123,550	307,649
Total net position	<u>\$ 1,974,532,812</u>	<u>5,123,550</u>	<u>307,649</u>

See accompanying notes to basic financial statements.

CITY OF CAMBRIDGE, MASSACHUSETTS
Statement of Changes in Fiduciary Net Position
Year ended June 30, 2025

	Pension and OPEB Trust Funds	Private Purpose Trust Funds	Custodial Fund
Additions:			
Contributions:			
Employers	\$ 109,747,184	—	—
Nonemployer – city	—	—	—
Plan members	29,681,705	—	—
Other systems	4,804,184	—	—
Commonwealth of Massachusetts	221,451	—	—
Gifts and bequests	—	239,308	495,330
Miscellaneous	—	1,044	—
Total contributions	<u>144,454,524</u>	<u>240,352</u>	<u>495,330</u>
Investment earnings:			
Interest and dividends	31,819,073	202,542	—
Securities lending income	70,992	—	—
Net appreciation in the fair value of investments	142,262,471	—	—
Less:			
Management fees	(9,499,572)	—	—
Borrower rebates and fees under securities lending program	<u>(64,498)</u>	<u>—</u>	<u>—</u>
Net investment earnings	<u>164,588,466</u>	<u>202,542</u>	<u>—</u>
Total additions	<u>309,042,990</u>	<u>442,894</u>	<u>495,330</u>
Deductions:			
Benefits	141,144,659	—	—
Refunds of contributions	2,560,333	—	—
Other systems	4,211,377	—	—
Administrative expenses	1,537,334	—	—
Beneficiary payments to individuals	—	291,625	496,751
Miscellaneous	—	79,600	—
Total deductions	<u>149,453,703</u>	<u>371,225</u>	<u>496,751</u>
Change in net position	159,589,287	71,669	(1,421)
Net position, beginning of year	<u>1,814,943,525</u>	<u>5,051,881</u>	<u>309,070</u>
Net position, end of year	<u>\$ 1,974,532,812</u>	<u>5,123,550</u>	<u>307,649</u>

See accompanying notes to basic financial statements.

CITY OF CAMBRIDGE, MASSACHUSETTS

Discretely Presented Component Units

Statement of Net Position

June 30, 2025

	Component Units		
	CHA	CRA	Total
	June 30, 2025	December 31, 2024	
Assets and Deferred Outflows of Resources			
Current assets:			
Cash and investments	\$ 267,939,959	93,297,266	361,237,225
Cash and investments held by trustees	6,117,442	—	6,117,442
Receivables, net:			
Leases	—	1,714,044	1,714,044
Subscription assets	10,995,594	—	10,995,594
Other	39,414,910	987,192	40,402,102
Other assets	<u>186,789,327</u>	<u>162,022</u>	<u>186,951,349</u>
Total current assets	<u>511,257,232</u>	<u>96,160,524</u>	<u>607,417,756</u>
Noncurrent assets:			
Accounts receivable	—	1,295,456	1,295,456
Lease receivable	—	1,930,537	1,930,537
Notes receivable	—	250,000	250,000
Investment in other property	—	5,000,000	5,000,000
Development projects held for sale	—	65,785	65,785
Capital assets:			
Nondepreciable	18,822,452	2,449,253	21,271,705
Depreciable, net	<u>233,142,105</u>	<u>18,145,304</u>	<u>251,287,409</u>
Total noncurrent assets	<u>251,964,557</u>	<u>29,136,335</u>	<u>281,100,892</u>
Total assets	<u>763,221,789</u>	<u>125,296,859</u>	<u>888,518,648</u>
Deferred outflows of resources:			
Related to pensions	12,980,495	567,846	13,548,341
Related to other post employment benefits	<u>4,971,505</u>	<u>37,617</u>	<u>5,009,122</u>
Total assets and deferred outflows of resources	<u>\$ 781,173,789</u>	<u>125,902,322</u>	<u>907,076,111</u>
Liabilities and Deferred Inflows of Resources			
Current liabilities:			
Warrants and accounts payable	\$ 64,962,461	505,429	65,467,890
Accrued liabilities:			
Accrued payroll	25,313,690	—	25,313,690
Other	25,907,573	135,685	26,043,258
Unearned revenue	<u>5,853,495</u>	<u>—</u>	<u>5,853,495</u>
Total current liabilities	<u>122,037,219</u>	<u>641,114</u>	<u>122,678,333</u>
Long-term liabilities:			
Due within one year:			
Bonds and notes payable	—	166,205	166,205
Due to third parties	1,025,713	—	1,025,713
Compensated absences	27,943,239	—	27,943,239
Lease payable	8,004,857	—	8,004,857
Subscription liability	4,455,142	—	4,455,142
Due in more than one year:			
Bonds and notes payable	—	6,056,560	6,056,560
Due to third parties	36,984,712	—	36,984,712
Compensated absences	—	—	—
Lease payable	73,809,280	—	73,809,280
Subscription liability	4,464,372	—	4,464,372
Net OPEB liability	108,540,343	225,062	108,765,405
Net pension liability	<u>28,574,620</u>	<u>696,528</u>	<u>29,271,148</u>
Total noncurrent liabilities	<u>293,802,278</u>	<u>7,144,355</u>	<u>300,946,633</u>
Total liabilities	<u>415,839,497</u>	<u>7,785,469</u>	<u>423,624,966</u>
Deferred inflows of resources:			
Related to pensions	2,748,858	99,982	2,848,840
Related to other post employment benefits	27,249,933	149,170	27,399,103
Related to leased property	<u>1,564,128</u>	<u>3,328,962</u>	<u>4,893,090</u>
Total liabilities and deferred inflows of resources	<u>\$ 447,402,416</u>	<u>11,363,583</u>	<u>458,765,999</u>
Net Position			
Net investment in capital assets	\$ 172,226,500	14,371,792	186,598,292
Restricted for specific purposes	—	8,900,000	8,900,000
Restricted for other purposes	9,219,515	5,000,000	14,219,515
Unrestricted	<u>152,325,358</u>	<u>86,266,947</u>	<u>238,592,305</u>
Total net position	<u>\$ 333,771,373</u>	<u>114,538,739</u>	<u>448,310,112</u>

See accompanying notes to basic financial statements.

CITY OF CAMBRIDGE, MASSACHUSETTS

Discretely Presented Component Units

Statement of Revenues, Expenses and Changes in Net Position

Year ended June 30, 2025

Functions/programs	Component Units		Total
	CHA June 30, 2025	CRA December 31, 2024	
Expenses	\$ 1,086,264,719	6,486,241	1,092,750,960
Program revenues:			
Charges for services	459,240,867	1,747,553	460,988,420
Operating grants and contributions	669,525,786	50,000	669,575,786
Total program revenues	1,128,766,653	1,797,553	1,130,564,206
Net program revenues (expenses)	42,501,934	(4,688,688)	37,813,246
General revenues:			
Sale of development rights	—	67,540,494	67,540,494
Investment income	12,909,859	4,609,943	17,519,802
Total general revenues	12,909,859	72,150,437	85,060,296
Change in net position	55,411,793	67,461,749	122,873,542
Net position – beginning, as restated (a)	278,359,580	47,076,990	325,436,570
Net position – ending	\$ 333,771,373	114,538,739	448,310,112

See accompanying notes to basic financial statements.

(a) Beginning net position for CHA was restated for the adoption of GASB 101, see note 2.

CITY OF CAMBRIDGE, MASSACHUSETTS

Notes to Basic Financial Statements

June 30, 2025

(1) The Financial Reporting Entity

(a) *Primary Government*

Settled in 1630 by a group from the Massachusetts Bay Company, the City of Cambridge (the City) 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, has full authority for operations of the school system and appoints a superintendent to administer the system's day-to-day operations.

The accompanying basic 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) *Retirement System*

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 Retirement Board. The System provides pension benefits to retired City, Cambridge Housing Authority, Cambridge Redevelopment Authority and Cambridge Health Alliance 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.

The System is on a calendar fiscal year. As a result, the financial information of the System is as of and for the year ended December 31, 2024. The System is included in the City's fiduciary fund financial statements. Complete financial statements for the System for its year ended December 31, 2024 are available from its offices on 125 Cambridge Park Drive, Suite 104, Cambridge, MA 02140.

(c) *Discretely Presented Component Units*

A Statement of Net Position and a Statement of Activities are presented for the City's component units for the Cambridge Health Alliance and the Cambridge Redevelopment Authority. The total component unit information can then be found as a separate column on the City's entity-wide Statement of Net Position and Statement of Activities to emphasize that they are legally separate from the City.

The Cambridge Health Alliance (CHA) is included as a component unit because the City is responsible for the appointment of the hospital's board of trustees and is financially accountable for and is able to impose its will on the organization. CHA is a body politic and corporate and public instrumentality of the Commonwealth of Massachusetts (the Commonwealth) established by Chapter 147 of the Acts of 1996. CHA is governed by a nineteen member board, all of whom are

CITY OF CAMBRIDGE, MASSACHUSETTS

Notes to Basic Financial Statements

June 30, 2025

appointed by the City Manager. CHA is responsible for the implementation of public health programs in the City.

Complete financial statements for the CHA for its fiscal year ended June 30, 2025 are available from its offices on 350 Main St, Suite 31, Malden, Massachusetts 02148.

The Cambridge Redevelopment Authority (CRA) was established in 1955 pursuant to Chapter 121B of the Massachusetts General Laws, as amended, to administer and plan urban renewal projects within the City of Cambridge, Massachusetts (the City). The CRA was issued a Certificate of Organization by the Secretary of the Commonwealth of Massachusetts on November 20, 1956. The CRA is governed by a five-member board of directors, one of whom is appointed by the Governor of the Commonwealth of Massachusetts and remaining four members are appointed by the Cambridge City Manager and confirmed by the Cambridge City Council. The CRA has received a significant amount of intergovernmental revenue that will be used solely for capital projects that are under CRA oversight. In accordance with GASB Statement No. 61, the CRA is presented as a discrete component unit of the City.

Complete financial statements for the CRA for its fiscal year ended December 31, 2024 are available from its offices at 255 Main Street 8th Floor, Cambridge, MA 02142.

Unless otherwise indicated, the notes to the basic financial statements pertain only to the primary government because certain disclosures of the component units are not significant relative to the primary government.

(d) Related Organizations

The City Manager is also 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 following is a summary of the more significant policies followed by the City:

(a) Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all the nonfiduciary activities of the primary government and its discretely presented component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities* that rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from the legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. *Program revenues* include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or

CITY OF CAMBRIDGE, MASSACHUSETTS

Notes to Basic Financial Statements

June 30, 2025

segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and the individual enterprise fund are reported as separate columns in the fund financial statements.

(b) Measurement Focus, Basis of Accounting, and Financial Statement Presentation

(i) Government-Wide Financial Statements

The government-wide financial statements are reported using the *economic resources measurement focus* and the *full accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of when the timing of related cash flows take place. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been satisfied.

(ii) Governmental Fund Financial Statements

Governmental fund financial statements are reported using *the current financial resources measurement focus* and the *modified accrual basis of accounting*. Under this method, revenues are recognized as soon as they are "susceptible to accrual" (i.e., both measurable and available). Revenues not considered to be available are recorded as deferred inflows of resources.

The City applies the susceptible to accrual criteria to property and other taxes and intergovernmental revenues. In applying the susceptible to accrual concept to intergovernmental revenues, there are essentially two types of revenues. In one, moneys must be expended for a specific purpose or project before any amounts will be paid to the City; therefore, revenues are recognized as expenditures are incurred subject to availability requirements. In the other, moneys are virtually unrestricted and are usually revocable only for failure to comply with prescribed requirements. These resources are reflected as revenues when cash is received, or earlier if the susceptible to accrual criteria are met. State aid is accrued as revenue in the year that the funds are appropriated by the Commonwealth.

Property taxes and other taxes are recorded as revenue in the year for which the taxes have been levied, provided they are collected within 60 days after year-end. Generally, intergovernmental revenues are recognized as revenue, provided they are earned during the year and collected within one year after year-end, except Chapter 90 receivables which are considered available when received. Investment income is recorded as earned. Other revenues including sewer user fees are recorded when received in cash because they are generally not measurable until actually received.

Expenditures are recorded when the related fund liability is incurred. However, principal and interest on general obligation debt as well as expenditures related to liabilities including compensated absences, pensions, leases, other postemployment benefits, judgments and claims and tax abatements are recorded only as expenditures to the extent payment is mature and due.

CITY OF CAMBRIDGE, MASSACHUSETTS

Notes to Basic Financial Statements

June 30, 2025

Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and financing from leases are reported as other financing sources.

(iii) *Proprietary Fund Financial Statements*

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise fund are charges to customers for water service. Operating expenses for the enterprise fund include the cost of preparing and delivering the water, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Governmental Funds – The City reports the following major governmental funds:

The *general fund* is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *capital fund* accounts for financial resources to be used for the acquisition or construction of major capital facilities.

The *affordable housing trust fund* accounts for financial resources to be used for the acquisition or construction of affordable housing units.

The *city grants fund* accounts for a wide range of federal and state grants and provide additional support to several City programs. A significant source of funding is federal ARPA Act funding related to COVID and support for the Arts Council, Historical Commission, and Library.

The *other governmental fund* accounts for programs such as Community Development Block Grant, various school grants, the Parking Fund, Community Preservation Act, the Aggregation Adder Fund and the Opioid Settlement Fund. These funds receive funding from sources such as federal and state grants and fees.

Proprietary Fund – The City reports the following major proprietary fund:

The *water fund* accounts for activities related to the preparation and delivery of water to City residents.

Fiduciary Funds – Additionally, the City reports the following fiduciary fund types:

Pension (and Other Employee Benefit) Trust Funds:

The *pension trust fund* accounts principally for the activities of the System, which accumulates resources for pension benefit payments to retired City employees.

The *OPEB trust fund* is an irrevocable trust fund established for other postemployment benefits. The assets are appropriated from the General Fund and accumulate to reduce the unfunded actuarial liability of health care and other postemployment benefits. This fund is currently not used for payments of benefits.

CITY OF CAMBRIDGE, MASSACHUSETTS

Notes to Basic Financial Statements

June 30, 2025

Private Purpose Trust Fund:

The *private purpose trust fund* is used to account for assets received and distributed by the City acting in a trustee capacity for individuals, private organizations and for other funds.

Custodial Fund:

The primary purpose of this fund is to provide oversight of school activity accounts.

(c) Cash Equivalents

For purposes of the statement of cash flows, investments with original maturities of three months or less when purchased are considered to be cash equivalents.

(d) Basis of Investment Valuation

Investments are presented in the accompanying basic financial statements at fair value. Where applicable, fair values are based on quotations from national securities exchanges, except for certain investments of the System, which are described in note 3. Further, income from investments is recognized in the same fund as the related investments.

The City invests in the Massachusetts Municipal Depository Trust (MMDT) Cash Portfolio, which is an external investment pool and is not SEC-registered. The fund is state regulated and is valued at amortized cost.

(e) Interfund Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds.” Any residual balances outstanding between the governmental activities and the business-type activity are reported in the government-wide financial statements as “internal balances.”

(f) Uncollectible Tax and Other Receivables

All receivables are shown net of an allowance for uncollectibles. Amounts considered to be uncollectible are based on the type and age of the related receivable.

(g) Deferred Inflows and Outflows of Resources

The City accounts for certain transactions that result in the consumption or acquisition of resources in one period that are applicable to future periods as deferred outflows and inflows of resources, respectively, to distinguish them from assets and liabilities. For fiscal year 2025, the City has reported deferred outflows pertaining to its debt refunding, pension and other post-employment benefits transactions in the government-wide statements and deferred inflows related to pensions, other post-employment benefits and rent transactions in the government-wide statements. Deferred inflows related to rent and unavailable revenue are also reported in the governmental fund statements.

CITY OF CAMBRIDGE, MASSACHUSETTS

Notes to Basic Financial Statements

June 30, 2025

(h) Capital Assets

Capital assets (excluding intangible right-to-use lease assets) include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activity columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$10,000 and an estimated useful life in excess of five years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Capital assets of the primary government, as well as the component units, are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and improvements	20–50
Infrastructure	15–60
Furniture and equipment	5–20

(i) Leases

As Lessee:

The City is a lessee for non-cancelable leases of equipment. The City recognizes a lease liability and an intangible right-to-use lease assets (lease asset) in the financial statements. The City recognizes lease liabilities with an initial, individual value of \$5,000 or more.

Lease liabilities are initially recognized at the lease commencement date based on the present value of future lease payments to be made by the City over the lease term. The estimated payments are discounted using the City's estimated incremental borrowing rate. The lease term includes the non-cancelable period of the lease. The lease liability is subsequently reduced by the principal portion of lease payments made. Lease liabilities are reported on the statements of net position.

Lease assets are recognized at the lease commencement date and represent the City's right to use an underlying asset for the lease term. Lease assets are initially measured at the initial value of the lease liability, adjusted for lease payments made at or before the lease commencement date and initial direct costs. The lease asset is subsequently amortized on a straight-line basis over its useful life. Lease assets are reported with capital assets on the statements of net position.

The City monitors changes in circumstances that would require a remeasurement of its lease and remeasures its lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

CITY OF CAMBRIDGE, MASSACHUSETTS

Notes to Basic Financial Statements

June 30, 2025

As Lessor:

The City is a lessor for a non-cancelable lease of a building and the City recognizes a lease receivable and a deferred inflow of resources in the accompanying financial statements.

At the commencement of the lease, the City initially measures the lease receivable at the present value of lease payments expected to be received from lessees over the lease term. The estimated payments are discounted using the City's estimated incremental borrowing rate. Lease receivables are subsequently reduced by the principal portion of lease payments received.

The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Deferred lease inflows are recognized as revenue over the lease term on a straight-line basis.

The City monitors changes in circumstances that would require a remeasurement of its lease and remeasures its lease receivable and deferred inflows if certain changes occur that are expected to significantly affect the amount of the lease receivable.

(j) *Compensated Absences*

Employees are granted sick and vacation leave in varying amounts. Upon retirement, termination, or death, certain employees are compensated for unused sick and vacation leave (subject to certain limitations) at their then current rates of pay. The cost of compensated absences for employees is recorded as earned in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if it has matured (i.e., come due for payment). The liability for vacation leave is based on the amount earned but not used; for sick leave, it is based on the amount accumulated at the balance sheet date (vesting method).

(k) *Long-Term Obligations and Related Costs*

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt, and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activity, or proprietary fund type statement of net position. Bond premiums and discounts are capitalized and amortized over the life of the bonds using the straight line method. Issue costs, other than prepaid insurance, if any, are expensed as incurred.

In the fund financial statements, governmental fund types recognize bond premiums, discounts, and bond issuance costs in the operating statement, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as general government expenditures.

CITY OF CAMBRIDGE, MASSACHUSETTS

Notes to Basic Financial Statements

June 30, 2025

(I) Net Position and Fund Balance

In the Government-wide and Proprietary Fund Financial Statements, net position is reported in the following categories:

Net investment in capital assets: Capital assets, net of accumulated depreciation, and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets.

Restricted: Net position the use of which is subject to constraints imposed by external parties, including creditors, grantors, and laws and regulations of other governments, or imposed by City Charter or enabling legislation. Nonexpendable amounts are required to remain intact under such constraints.

Unrestricted: Remaining net position not considered invested in capital assets, net of related debt or restricted.

For purposes of net position classification, when both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

In the Governmental Fund Financial Statements, fund balance is reported in the following categories:

Nonspendable: Amounts that cannot be spent because they are either not in spendable form or they are legally or contractually required to remain intact.

Restricted: Amounts the use of which is subject to constraints imposed by external parties, including creditors, grantors, and laws and regulations of other governments, or imposed by City Charter or enabling legislation.

Committed: Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority. For the City, this formal action takes the form of State statutes or Home-rule petitions which are adopted by the City Council with a 2/3rds vote.

Assigned: Amounts that are constrained by the City's intent for use for specific budgetary purposes, but are considered neither restricted or committed.

Unassigned: Amounts in the general fund that are not otherwise constrained for a specific purpose more narrow than the general operations of the City.

The flow of expenditures for unrestricted resources is to use the committed when possible first, then assigned and then the unassigned when needed.

The Unassigned Fund balance policy adopted by the City Council is as follows:

- General Fund (GAAP) balance as of June 30 of each year is equal to or greater than 15% of the ensuing fiscal year's operating revenue.

The responsibility for tracking this policy is with the City Treasurer who estimates the surplus or deficit for the current year and prepares a projection for the year-end unassigned general fund balance. Any

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anticipated balance in excess of the targeted maximum unassigned balance maybe budgeted to reduce the ensuing year's property tax levy, transferred to stabilization fund, or fund one-time capital projects.

This policy is reviewed annually during the City's Annual Budget and Public Investment Program process.

(m) *Securities Lending Transactions*

The System engages in securities lending transactions. Collateral received on securities lending transactions is reported as an asset with a corresponding liability to the borrower. The underlying securities lent to the borrower under these transactions are reported as investments. Borrower rebates and administrative fees are reported as expenses; interest and dividends on the underlying securities and related collateral are reported as revenues.

(n) *Landfill Postclosure Care Costs*

State and federal regulations required the City to place a final cover on its Danehy Park landfill site when it stopped accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure, which continued through 2022. At June 30, 2025, 100% of the landfill site had been used and has not accepted solid waste for several years. The City has completed the covering of this site in accordance with applicable laws and regulations. During fiscal year 2022, the City agreed to continue certain maintenance and monitoring for an additional 30 years.

(o) *Unearned Revenue*

Resources received in advance are reported as unearned revenue until the period of exchange. Intergovernmental revenues representing grants and assistance from other governmental units, are generally recognized as revenue in the period when eligibility requirements, as defined by GASB Statement No. 33, have been met. Any resources received before eligibility requirements are met are reported as deferred inflows of resources. The City received \$14,889,721 of American Rescue Plan Act (ARPA) funds, which were not fully spent as of June 30, 2025. As such, these funds are recorded as unearned revenue in the City grants fund.

(p) *Use of Estimates*

The preparation of the accompanying financial statements in conformity with accounting principles generally accepted in the United States of America, 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.

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(q) Adoption of New Accounting Pronouncements

The City adopted the following new accounting pronouncements issued by the GASB during the current fiscal year ended June 30, 2025:

- Statement No. 101, *Compensated Absences*. This Statement amends the existing requirements to disclose the gross increases and decreases in a liability for compensated absences to allow governments to disclose only the net change in the liability. In addition, governments are no longer required to disclose which governmental funds typically have been used to liquidate the liability for compensated absences. The requirements of this Statement are effective for fiscal years beginning December 15, 2023, and all reporting periods thereafter. The City adopted the provisions of GASB Statement No. 101 as of July 1, 2024. The changes related to the adoption of this statement had no impact on opening net equity. The City's discreetly presented component unit (CHA) also adopted GASB Statement No. 101 which resulted in a corresponding adjustment of approximately \$1.7 million to the previously reported financial statements. The adoptions of GASB Statement No. 101 had no impact on the financial statements of the City's other discreetly presented component unit (CRA).
- Statement No. 102, *Certain Risk Disclosures*. This Statements' objective is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations of constraints. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. Implementations of the GASB Statement No. 102 had no material effect on amounts reported in the City's financial statements.

The City is currently reviewing its accounting practices to determine the potential impacts on the financial statements for the following GASB Statements:

- Statement No. 103, *Financial Reporting Model Improvements*. This Statements' objective is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain issues related to Management's Discussion and Analysis, Unusual or Infrequent Items, presentation of the Proprietary Fund Statement of Revenues, Expenses and Changes in Fund Net Position, Major component Unit Information and Budgetary Comparison Information. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter.
- Statement No. 104, *Disclosures of Certain Capital Assets*. This Statements' objective is to provide users of government financial statements with detailed information about capital assets in notes to the financial statements. This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34. Lease assets recognized in accordance with Statement No. 87, *Leases*, and intangible right-to-use assets recognized in accordance with Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payments Arrangements*, should be disclosed separately by major class of underlying asset in the assets note disclosures. Subscription assets recognized in accordance with Statement No. 96, *Subscription-Based Information Technology Arrangements*, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three

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types to be disclosed separately by major class. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter.

(3) Deposits and Investments

(a) Deposits

State and local statutes place certain limitations on the nature of deposits and investments available to the City. The City's policy requires full collateralization on all demand deposit accounts including checking accounts, certificates of deposit and money market accounts.

(i) Custodial Credit Risk

Custodial credit risk is the risk that in the event of bank failure, the City's deposits may not be returned. As of June 30, 2025, the bank balances of uninsured and uncollateralized deposits are as follows:

Primary government	\$ 2,943,182
Discretely presented component units:	
CHA	6,200,184
CRA (as of December 31, 2024)	<u>3,337,301</u>
	<u>\$ 12,480,667</u>

(b) Investments

The City's investment program is operated by the City Treasurer in conformance with all applicable federal and state requirements, including MGL c. 44, Sections 54 and 55. The objective is to obtain a high level of income while also following the principles of security, liquidity, and yield.

Investments of General Fund available cash balances consist of fully collateralized certificates of deposit with local banking institutions for duration of 6-9 months and units in the Massachusetts Municipal Depository Trust (MMDT). The Treasurer of the Commonwealth of Massachusetts oversees the financial management of the MMDT, an external investment pool for cities, towns, and other state and local agencies with the Commonwealth. MMDT meets the criteria established by GASB 79 to report its investments at amortized cost; therefore, the City reports its investment in MMDT at amortized cost, which approximates the net asset value of \$1.00 per share. MMDT has a maturity of less than 1 year and is not rated.

The City's investment portfolio for private purpose funds is designed to attain a market-average rate of return throughout budgetary and economic cycles, taking into account investment risk constraints and the City's liquidity requirements. The portfolio is managed with the objective of exceeding the average of three-month U.S. Treasury Bill rates for the equivalent period. The investments for trust funds include collateralized certificate of deposits, U.S. Government Agencies, and units in the MMDT for durations between 12-48 months.

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The City's pension system and OPEB irrevocable trust fund have additional investment powers, most notably the ability to invest in common stocks, corporate bonds, and other specified investments.

(i) *System Investment Policy*

The provisions of Massachusetts General Laws (M.G.L.) c. 32, sec 3(2) govern the System's investment practice.

Diversification is attained through varied investment management styles that comply with Massachusetts state law. This is accomplished through the retention of investment managers that adhere to M.G.L. c. 32, sec 23(3), the "Prudent Person" rule.

The System has retained an investment consultant to work with the Retirement Board in a fiduciary capacity to assure that strategic investment diversification is attained, to employ investment managers with expertise in their respective asset classes, and to closely monitor the implementation and performance of the respective investment strategies.

The System participates in the segmentation program of the Pension Reserves Investment Trust (PRIT) Fund which allows Massachusetts retirement systems to invest only in individual asset classes of the PRIT Fund. The PRIT Fund is an external investment pool, as defined by the Government Accounting Standards Board, and it is not registered with the Securities and Exchange Commission but is subject to oversight by the Pension Reserves Investment Management Board (the PRIM Board). The System's alternative investments include investments in the PRIT hedge and private equity segments of the PRIT Fund. The PRIT Fund issue separately available audited financial statements.

(ii) *OPEB Investment Policy*

The provisions of Massachusetts General Laws (M.G.L.) c. 44 sec 54 allows investment in securities listed on the Commonwealth's approved securities listing. The OPEB investment portfolio is managed by the City's Investment committee. The portfolio's current target allocation is 50% equities (securities from the approved state listing) and 50% of fixed income securities.

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(iii) Interest Rate Risk

The following is a listing of the primary government's fixed income investments and related maturity schedule (in years) as of June 30, 2025:

<u>Investment type</u>	<u>Fair value</u>	<u>Less than 1</u>	<u>1-5</u>	<u>6-10</u>	<u>More than 10</u>
City:					
Money market/MMDT	\$ 437,059,340	437,059,340	—	—	—
Certificates of deposit	69,046,195	69,046,195	—	—	—
U.S. agencies	163,740,994	163,740,994	—	—	—
Subtotal city	<u>669,846,529</u>	<u>669,846,529</u>	<u>—</u>	<u>—</u>	<u>—</u>
System (as of December 31, 2024):					
U.S. treasury notes and bonds	55,228,012	—	13,321,607	22,552,086	19,354,319
Municipal securities	1,540,675	—	800,176	103,103	637,396
U.S. agencies	38,919,056	1,181	48,928	1,913,500	36,955,447
Domestic corporate	39,003,950	568,547	14,836,517	13,393,969	10,204,917
Asset-backed:					
CMOs	3,995,015	—	—	—	3,995,015
Other	1,657,040	—	1,657,040	—	—
Pooled fixed-income investments	<u>163,617,099</u>	<u>—</u>	<u>91,762,846</u>	<u>—</u>	<u>71,854,253</u>
Subtotal system	<u>303,960,847</u>	<u>569,728</u>	<u>122,427,114</u>	<u>37,962,658</u>	<u>143,001,347</u>
OPEB Trust:					
Money market	142,747	142,747	—	—	—
U.S. agencies	<u>15,864,058</u>	<u>15,864,058</u>	<u>—</u>	<u>—</u>	<u>—</u>
Subtotal OPEB Trust	<u>16,006,805</u>	<u>16,006,805</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total	<u>\$ 989,814,181</u>	<u>686,423,062</u>	<u>122,427,114</u>	<u>37,962,658</u>	<u>143,001,347</u>
Discretely presented component units					
CHA:					
Money market	\$ 50,217,273	50,217,273	—	—	—
MMDT	170,167,226	170,167,226	—	—	—
Municipal bonds	5,999,856	5,999,856	—	—	—
U.S. agencies	37,215,722	37,215,722	—	—	—
U.S. treasury notes	<u>3,007,140</u>	<u>3,007,140</u>	<u>—</u>	<u>—</u>	<u>—</u>
Subtotal CHA	<u>266,607,217</u>	<u>266,607,217</u>	<u>—</u>	<u>—</u>	<u>—</u>
CRA (as of December 31, 2024):					
Foreign issuance	1,501,246	1,501,246	—	—	—
U.S. agencies	<u>57,740,475</u>	<u>33,718,395</u>	<u>24,022,080</u>	<u>—</u>	<u>—</u>
Subtotal CRA	<u>59,241,721</u>	<u>35,219,641</u>	<u>24,022,080</u>	<u>—</u>	<u>—</u>
Total discretely presented component units	<u>\$ 325,848,938</u>	<u>301,826,858</u>	<u>24,022,080</u>	<u>—</u>	<u>—</u>

The City, OPEB Trust, and the System's guidelines do not specifically address limits on maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The manager of each fixed income portfolio is responsible for determining the maturity and commensurate returns of their portfolio.

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The collateralized mortgage obligations (CMOs) held by the System are highly sensitive to changes in interest rates.

(iv) Credit Risk

The City, OPEB Trust, and the System allow investment managers to apply discretion under the “Prudent Person” rule. Investments are made, as a prudent person would be expected to act with discretion and intelligence, to seek reasonable income, preserve capital and, in general, avoid speculative investments.

The primary government’s fixed income investments as of June 30, 2025 were rated by Standard and Poor’s, Moody’s, and/or an equivalent national rating organization and are presented below:

<u>Investment type</u>	<u>Carrying value</u>	<u>AAA</u>	<u>AA</u>	<u>A</u>	<u>BBB</u>	<u>Not rated</u>
City:						
Money market/MMDT	\$ 437,059,340	—	—	—	—	437,059,340
Certificates of deposit	69,046,195	—	—	—	—	69,046,195
U.S. agencies	163,740,994	—	—	—	—	163,740,994
Subtotal city	<u>669,846,529</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>669,846,529</u>
System (as of December 31, 2024):						
U.S. treasury notes and bonds	55,228,012	45,787,494	—	—	—	9,440,518
Municipal securities	1,540,675	445,760	878,073	—	—	216,842
U.S. agencies	38,919,056	1,181	—	—	—	38,917,875
Domestic corporate	39,003,950	3,514,693	1,696,931	15,467,053	16,795,708	1,529,565
Asset-backed:						
CMOs	3,995,015	2,910,527	—	—	—	1,084,488
Other	1,657,040	1,543,246	—	113,794	—	—
Pooled fixed-income investments	<u>163,617,099</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>163,617,099</u>
Subtotal system	<u>303,960,847</u>	<u>54,202,901</u>	<u>2,575,004</u>	<u>15,580,847</u>	<u>16,795,708</u>	<u>214,806,387</u>
OPEB Trust:						
Money market	142,747	—	—	—	—	142,747
U.S. agencies	15,864,058	—	—	—	—	15,864,058
Subtotal OPEB Trust	<u>16,006,805</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>16,006,805</u>
Total	<u>\$ 989,814,181</u>	<u>54,202,901</u>	<u>2,575,004</u>	<u>15,580,847</u>	<u>16,795,708</u>	<u>900,659,721</u>
Discretely presented component units						
CHA:						
Money market	\$ 50,217,273	—	—	—	—	50,217,273
MMDT	170,167,226	—	—	—	—	170,167,226
Municipal bonds	5,999,856	5,999,856	—	—	—	—
U.S. agencies	37,215,722	37,215,722	—	—	—	—
U.S. treasury notes	3,007,140	3,007,140	—	—	—	—
Subtotal CHA	<u>266,607,217</u>	<u>46,222,718</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>220,384,499</u>
CRA (as of December 31, 2024):						
Foreign Issuance	1,501,246	—	—	1,501,246	—	—
U.S. agencies	<u>57,740,475</u>	<u>57,740,475</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Subtotal CRA	<u>59,241,721</u>	<u>57,740,475</u>	<u>—</u>	<u>1,501,246</u>	<u>—</u>	<u>—</u>
Total discretely presented component units	<u>\$ 325,848,938</u>	<u>103,963,193</u>	<u>—</u>	<u>1,501,246</u>	<u>—</u>	<u>220,384,499</u>

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(v) *Concentration Risk*

The City has individual investments, at fair value, that exceed 5% of the City's net position as of June 30, 2025. The OPEB trust has two positions, Eli Lilly Corporation and GE Aerospace, that make up 5.8% and 6.8% of the Trust's net position, respectively, as of June 30, 2025.

The System has no individual investments, at fair value, that exceed 5% of the System's net position held in trust for pension benefits as of December 31, 2024, other than pooled investments.

The System adheres to the provisions of M.G.L. c. 32, sec 23(2) when managing concentration risk.

(vi) *Foreign Currency Risk*

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The System's asset allocation model which serves as a proxy for a foreign currency policy, limits the amount of foreign currency exposure to 20% of the System's total investments. Similar to the investments in domestic equities, the System employs or encourages its investment advisor to employ diversification, asset allocation, and quality strategies. Currency hedging is permitted for defensive purposes. Currency hedging shall be affected through the use of forward currency contracts. At December 31, 2024, there were no open forward currency contracts.

Risk of loss arises from changes in currency exchange rates. The System's exposure to foreign currency risk is presented below.

Currency:

International equity pooled funds (various currencies)	\$ 319,576,799
International fixed income pooled funds (various currencies)	<u>50,995,616</u>
	<u>\$ 370,572,415</u>

Although these pooled investments are not denominated in a foreign currency, the underlying securities are denominated in various foreign currencies.

(vii) *Fair Value Hierarchy*

The City categorizes its fair value measurements within the fair value hierarchy established by GAAP. Fair value measurements are categorized based on the valuation inputs used to measure fair value: Level 1 inputs are quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date; Level 2 inputs are other than quoted prices in Level 1 that are observable for the asset or liability, or similar assets or liabilities either directly or indirectly through corroboration with observable market data; Level 3 inputs are unobservable inputs for the asset or liability (i.e. supported by little or no market activity). Level 3 inputs include management's assumptions. The City utilizes observable inputs where available when establishing fair value.

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The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2025.

Money market funds: Valued at the daily closing price as reported by the fund. Money market funds held by the City are open-end money market funds that are registered with the Securities and Exchange Commission. The money market funds are recorded at amortized cost.

Equity securities: Consist primarily of corporate stocks traded on U.S. and non-U.S. active security exchanges. Stocks traded on active exchanges and valued at quoted market prices and documented trade history for identical assets are categorized within Level 1 or the fair value hierarchy. If market quotations are not readily available, the stocks may be valued using pricing models maximizing the use of observable inputs for similar securities and are classified as Level 2.

U.S. agencies: Securities issued by the U.S. government, its agencies, authorities and instrumentalities are valued using quoted prices, documented trade history in the security, and pricing models maximizing the use of observable inputs determined by investment managers.

Corporate fixed incomes: Valued either by using pricing models maximizing the use of observable inputs for similar securities or valued by the investment manager.

The following table presents the City's investments (including the City's OPEB trust) carried at fair value on a recurring basis in the statement of net position at June 30, 2025:

<u>Investments</u>	<u>Fair value</u>	<u>Level 1 inputs</u>	<u>Level 2 inputs</u>
Equity securities	\$ 28,406,164	28,406,164	—
U.S. agencies	179,605,052	179,605,052	—
Total investments	\$ 208,011,216	208,011,216	—

The following table presents the CHA's investments carried at fair value on a recurring basis in the statement of net position at June 30, 2025:

<u>Investments</u>	<u>Fair value</u>	<u>Level 1 inputs</u>	<u>Level 2 inputs</u>
U.S. agencies	\$ 37,215,722	37,215,722	—
U.S. treasury notes	3,007,140	3,007,140	—
Municipal bonds	5,999,856	5,999,856	—
Total investments	\$ 46,222,718	46,222,718	—

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The following table presents the CRA's investments carried at fair value on a recurring basis in the statement of net position at December 31, 2024:

Investments	Fair value	Level 1 inputs	Level 2 inputs
Equity securities	\$ 25,697,636	25,697,636	—
U.S. agencies	57,740,475	57,244,810	495,665
Foreign issuance	1,501,246	—	1,501,246
Total investments	\$ <u>84,939,357</u>	<u>82,942,446</u>	<u>1,996,911</u>

The System has the following fair value measurements as of December 31, 2024:

	Fair value	Level 1	Level 2
Investments by fair value level:			
Fixed income	\$ 140,343,748	55,228,012	85,115,736
Equities	21,906,127	21,906,127	—
	<u>162,249,875</u>	<u>77,134,139</u>	<u>85,115,736</u>
Investments measured at NAV:			
Commingled equity funds:			
International	319,576,799	—	—
Domestic	566,348,367	—	—
Commingled fixed income funds:			
International	50,995,616	—	—
Domestic	163,617,099	—	—
Real estate	311,019,121	—	—
Alternative:			
PRIT private equity	274,084,387	—	—
Other alternative	76,525,005	—	—
	<u>1,762,166,394</u>	<u>—</u>	<u>—</u>
Total investments	\$ <u>1,924,416,269</u>	<u>77,134,139</u>	<u>85,115,736</u>

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The following represents the significant investment strategies and terms on which the System may redeem investments for those investments measured at the NAV (or its equivalent) as a practical expedient:

	Investments measured at NAV		
	2024	Redemption frequency	Redemption notice period
Commingled equity funds	\$ 885,925,166	Daily	1–30 days
Commingled fixed income funds	163,617,099	Daily	1–30 days
Real estate	311,019,121	Quarterly	1–30 days
Alternative	350,609,392	Quarterly	1–30 days

- 1 Commingled equity funds: This type includes 7 funds that invest primarily in U.S. large and small cap equity funds and international equity funds.
- 2 Commingled fixed income funds: This type includes 2 fixed income funds that invest in U.S. corporate bonds, U.S. government bonds, U.S. asset-backed securities and foreign bonds.
- 3 Real estate funds: This type includes 11 funds that invest primarily in real estate funds and global infrastructure.
- 4 Alternative funds: This type includes 17 funds that invest primarily in private equity and venture capital funds. The System is required to provide 24 hour redemption notice for the PRIT hedge fund. The PRIT private equity fund is not redeemable until notified by the PRIM Board.

(4) Property Taxes

Real and personal property taxes are based on values assessed as of each January 1. By law, all taxable property must be assessed at 100% of fair cash value. Also, by law, property taxes must be levied at least 30 days prior to their due date. Once levied, these taxes are recorded as receivables, net of estimated uncollectible balances.

The City bills and collects its property taxes on a semiannual basis following the January 1 assessment. The due dates for those tax billings are November 1 and May 1. Property taxes that remain unpaid after the respective due dates are subject to penalties and interest charges.

Based on the City's experience, most property taxes are collected during the year in which they are assessed. Liening of properties on which taxes remain unpaid occurs annually. The City ultimately has the right to foreclose on all properties where the taxes remain unpaid.

A statewide property tax limitation known as "Proposition 2 ½" limits the amount of increase in the property tax levy in any fiscal year. Generally, Proposition 2 ½ limits the total levy to an amount not greater than 2 ½% of the total assessed value of all taxable property within the City. Secondly, the tax levy cannot increase by more than 2 ½% of the prior year's levy plus the taxes on property newly added to the tax rolls. Certain provisions of Proposition 2 ½ can be overridden by a Citywide referendum.

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(5) Capital Assets

Capital asset activity for the year ended June 30, 2025, was as follows:

Primary Government

	<u>Beginning balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 208,635,430	—	—	208,635,430
Construction in progress	<u>247,976,000</u>	<u>171,140,736</u>	<u>(69,869,580)</u>	<u>349,247,156</u>
Total capital assets not being depreciated	<u>456,611,430</u>	<u>171,140,736</u>	<u>(69,869,580)</u>	<u>557,882,586</u>
Capital assets being depreciated:				
Buildings and improvements	925,574,020	2,044,310	—	927,618,330
Improvements – nonbuilding	159,842,243	5,515,468	—	165,357,711
Furniture and equipment	135,420,932	5,103,330	(2,827,149)	137,697,113
Infrastructure	<u>829,345,983</u>	<u>57,447,632</u>	<u>—</u>	<u>886,793,615</u>
Total capital assets being depreciated	<u>2,050,183,178</u>	<u>70,110,740</u>	<u>(2,827,149)</u>	<u>2,117,466,769</u>
Less accumulated depreciation for:				
Buildings and improvements	(316,430,407)	(30,053,867)	—	(346,484,274)
Improvements – nonbuilding	(77,843,065)	(5,800,121)	—	(83,643,186)
Furniture and equipment	(96,899,154)	(7,768,551)	2,827,149	(101,840,556)
Infrastructure	<u>(329,979,938)</u>	<u>(23,071,808)</u>	<u>—</u>	<u>(353,051,746)</u>
Total accumulated depreciation	<u>(821,152,564)</u>	<u>(66,694,347)</u>	<u>2,827,149</u>	<u>(885,019,762)</u>
Total capital assets being depreciated, net	<u>1,229,030,614</u>	<u>3,416,393</u>	<u>—</u>	<u>1,232,447,007</u>
Right to use assets being amortized:				
Land	873,110	—	—	873,110
Buildings	14,296,494	—	—	14,296,494
Equipment	<u>11,379</u>	<u>—</u>	<u>—</u>	<u>11,379</u>
Total right to use assets being amortized	<u>15,180,983</u>	<u>—</u>	<u>—</u>	<u>15,180,983</u>
Less accumulated amortization for:				
Land	(558,501)	(102,618)	—	(661,119)
Buildings	(8,104,135)	(1,084,320)	—	(9,188,455)
Equipment	<u>(11,379)</u>	<u>—</u>	<u>—</u>	<u>(11,379)</u>
Total accumulated amortization	<u>(8,674,015)</u>	<u>(1,186,938)</u>	<u>—</u>	<u>(9,860,953)</u>
Total right to use assets, being amortized, net	<u>6,506,968</u>	<u>(1,186,938)</u>	<u>—</u>	<u>5,320,030</u>
Total capital assets, net	\$ <u>1,692,149,012</u>	<u>173,370,191</u>	<u>(69,869,580)</u>	<u>1,795,649,623</u>

CITY OF CAMBRIDGE, MASSACHUSETTS

Notes to Basic Financial Statements

June 30, 2025

Depreciation and amortization expense was charged to functions/programs of the primary government as follows:

Governmental activities:		
General government	\$	4,333,720
Public safety		7,233,708
Human resource development		3,548,413
Education		12,077,232
Community maintenance and development		<u>40,688,212</u>
Total depreciation and amortization expense – governmental activities	\$	<u><u>67,881,285</u></u>

	<u>Beginning balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending balance</u>
Business-type activity:				
Capital assets not being depreciated:				
Land	\$ 40,044,950	1,999,828	—	42,044,778
Construction in progress	<u>578,534</u>	<u>7,682,643</u>	<u>(4,793,751)</u>	<u>3,467,426</u>
Total capital assets not being depreciated	<u>40,623,484</u>	<u>9,682,471</u>	<u>(4,793,751)</u>	<u>45,512,204</u>
Capital assets being depreciated:				
Buildings and improvements	100,777,459	571,943	(179,533)	101,169,869
Furniture and equipment	19,337,240	3,680,394	(361,737)	22,655,897
Infrastructure	<u>47,765,244</u>	<u>988,608</u>	<u>(7,704,915)</u>	<u>41,048,937</u>
Total capital assets being depreciated	<u>167,879,943</u>	<u>5,240,945</u>	<u>(8,246,185)</u>	<u>164,874,703</u>
Less accumulated depreciation for:				
Buildings and improvements	(51,910,150)	(3,812,188)	179,533	(55,542,805)
Furniture and equipment	(12,037,843)	(2,418,304)	361,737	(14,094,410)
Infrastructure	<u>(24,077,709)</u>	<u>(863,176)</u>	<u>7,704,915</u>	<u>(17,235,970)</u>
Total accumulated depreciation	<u>(88,025,702)</u>	<u>(7,093,668)</u>	<u>8,246,185</u>	<u>(86,873,185)</u>
Total capital assets being depreciated, net	<u>79,854,241</u>	<u>(1,852,723)</u>	<u>—</u>	<u>78,001,518</u>
Business-type activity capital assets, net	\$ <u>120,477,725</u>	<u>7,829,748</u>	<u>(4,793,751)</u>	<u>123,513,722</u>

CITY OF CAMBRIDGE, MASSACHUSETTS

Notes to Basic Financial Statements

June 30, 2025

(6) Receivables and Deferred Inflows of Resources

(a) Receivables

Receivables as of year-end for the government's individual major funds and nonmajor funds, including the applicable allowances for uncollectible accounts, are as follows:

	Government funds					Total governmental funds	Enterprise fund Water fund
	General	Capital fund	Affordable housing trust fund	City grants	Other governmental funds		
Receivables:							
Property taxes	\$ 10,385,402	—	—	—	—	10,385,402	—
Motor vehicle taxes	5,793,378	—	—	—	—	5,793,378	—
Other taxes	3,993,159	—	—	—	—	3,993,159	—
Intergovernmental	—	1,867,778	—	921,625	743,335	3,532,738	—
Leases	18,324,130	—	—	—	—	18,324,130	—
Other	20,637,408	—	8,286,824	—	323,443	29,247,675	5,746,513
Gross receivables	59,133,477	1,867,778	8,286,824	921,625	1,066,778	71,276,482	5,746,513
Less allowance for uncollectibles	6,615,069	—	—	—	—	6,615,069	57,466
Net total receivables	\$ 52,518,408	1,867,778	8,286,824	921,625	1,066,778	64,661,413	5,689,047

(b) Deferred Inflows of Resources

Governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. At the end of the current fiscal year, the various components of deferred inflows of resources reported in the governmental funds were as follows:

	<u>Unavailable</u>
Delinquent taxes receivable	\$ 12,298,785
Deferred inflow related to rent	17,298,909
Departmental and other	<u>17,469,208</u>
Total unavailable for governmental funds	\$ <u>47,066,902</u>

(c) Tax Abatement Programs

The City may enter into tax abatement agreements that meet the reporting requirements of GASB Statement No. 77, *Tax Abatement Disclosures*.

CITY OF CAMBRIDGE, MASSACHUSETTS

Notes to Basic Financial Statements

June 30, 2025

The City currently does not have any active Chapter 121A agreements and does not intend to enter into any in the foreseeable future. Therefore, there was no Chapter 121A related activities or abatements noted for the year ended June 30, 2025.

(7) Receivable and Payable Balances between Funds and Component Units

Individual fund receivable and payable balances at June 30, 2025, are as follows:

<u>Interfund balances</u>	<u>Receivable</u>	<u>Payable</u>
General fund – payable to water fund	\$ —	32,723
Capital fund – receivable from other governmental funds – for capital items	569,969	—
Enterprise fund – receivable from general fund	32,723	—
Other governmental funds – community development block grant payable to capital fund – for capital items	—	569,969
Balance at June 30, 2025	<u>\$ 602,692</u>	<u>602,692</u>

As of June 30, 2025, there are no receivable and payable balances between the primary government and the discretely presented component units.

CITY OF CAMBRIDGE, MASSACHUSETTS

Notes to Basic Financial Statements

June 30, 2025

(8) Long-Term Obligations

Following is a summary of the governmental activities long-term obligations of the City as of June 30, 2025:

	<u>Date of issue</u>	<u>Interest rates</u>	<u>Outstanding, beginning of year</u>	<u>Additions</u>	<u>Reductions</u>	<u>Outstanding, end of year</u>	<u>Due within one year</u>
General obligation bonds:							
General purpose, serial maturities through February 15, 2044	2/15/12 to 3/5/25	1.0%–5.0%	\$ 450,635,000	111,205,000	45,190,000	516,650,000	49,525,000
Urban redevelopment, serial maturities through February 15, 2035	3/3/15 to 3/5/25	2.0%–5.0%	51,905,000	20,560,000	7,990,000	64,475,000	9,270,000
Sewer, serial maturities through February 15, 2035	1/7/15 to 3/5/25	0.0%–5.0%	<u>113,851,815</u>	<u>17,885,000</u>	<u>22,154,330</u>	109,582,485	<u>20,238,988</u>
Total governmental obligation bonds			\$ <u>616,391,815</u>	<u>149,650,000</u>	<u>75,334,330</u>	690,707,485	<u>79,033,988</u>
Add (deduct):							
Unamortized bond premium			58,795,010	12,782,615	7,768,391	63,809,234	
Current portion of long-term debt						<u>(79,033,988)</u>	
						<u>675,482,731</u>	
Other long-term obligations:							
Judgments and claims			\$ 25,458,600	77,482,152	77,388,652	25,552,100	14,725,400
Landfill postclosure care costs			765,000	—	28,333	736,667	28,333
Lease payable			5,916,487	—	1,803,140	4,113,347	1,330,029
Compensated absences			24,411,000	30,504,700	28,785,700	26,130,000	12,505,000
Net OPEB liability			756,027,918	56,784,785	62,968,852	749,843,851	—
Net pension liability			188,107,388	41,631,642	101,408,066	128,330,964	—
Pollution remediation			<u>2,775,540</u>	<u>2,458,706</u>	<u>2,228,452</u>	3,005,794	<u>1,127,750</u>
Total other governmental long-term obligations			\$ <u>1,003,461,933</u>	<u>208,861,985</u>	<u>274,611,195</u>	<u>937,712,723</u>	<u>29,716,512</u>

CITY OF CAMBRIDGE, MASSACHUSETTS

Notes to Basic Financial Statements

June 30, 2025

Following is a summary of the business-type activity long-term obligations of the City as of June 30, 2025:

	<u>Date of issue</u>	<u>Interest rates</u>	<u>Outstanding, beginning of year</u>	<u>Additions</u>	<u>Reductions</u>	<u>Outstanding, end of year</u>	<u>Due within one year</u>
General obligation bonds:							
General purpose, serial maturities through February 15, 2035	3/5/25	5.0%	\$ —	3,640,000	—	3,640,000	415,000
Total business-type general obligation bonds			\$ —	<u>3,640,000</u>	<u>—</u>	3,640,000	<u>415,000</u>
Add (deduct):							
Unamortized bond premium			—	421,475	47,532	373,943	
Current portion of long-term debt						(415,000)	
						<u>3,598,943</u>	
Other long-term obligations:							
Judgments and claims			\$ 207,500	2,270,917	2,137,517	340,900	150,000
Compensated absences			701,000	560,900	614,900	647,000	310,000
Total other long-term obligations			\$ <u>908,500</u>	<u>2,831,817</u>	<u>2,752,417</u>	<u>987,900</u>	<u>460,000</u>

CITY OF CAMBRIDGE, MASSACHUSETTS

Notes to Basic Financial Statements

June 30, 2025

The payment of liabilities for judgments and claims, compensated absences, pollution remediation, other postemployment benefits, pension and landfill postclosure costs are primarily the responsibility of the City's general fund.

General obligation bonds are backed by the full faith and credit of the City. The annual debt service requirements of the City's general obligation governmental bonds and notes payable outstanding as of June 30, 2025, are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year ending June 30:			
2026	\$ 79,033,988	29,565,168	108,599,156
2027	72,580,200	26,558,575	99,138,775
2028	67,599,600	23,127,500	90,727,100
2029	63,029,200	19,926,675	82,955,875
2030	58,509,497	16,945,244	75,454,741
2031–2035	217,075,000	48,645,761	265,720,761
2036–2040	87,125,000	16,310,376	103,435,376
2041–2045	<u>45,755,000</u>	<u>3,898,051</u>	<u>49,653,051</u>
	<u>\$ 690,707,485</u>	<u>184,977,350</u>	<u>875,684,835</u>

In March 2025, the City issued \$153,290,000 of general obligation bonds to fund various capital purchases and improvements throughout the city. Interest on the general obligation bonds is due semiannually on each February 15 and August 15, with principal payments due each February 15 until maturity in fiscal 2044.

The City is subject to a dual general debt limit: the normal debt limit and the double debt limit. Such limits are equal to 5% and 10%, respectively, of the valuation of taxable property in the City as last equalized by the Commonwealth 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 State Municipal Finance Oversight 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, 2025, the City may issue approximately \$3.2 billion additional general obligation debt under the normal debt limit.

CITY OF CAMBRIDGE, MASSACHUSETTS

Notes to Basic Financial Statements

June 30, 2025

The annual debt service requirements of the City's water enterprise fund as of June 20, 2025, are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year ending June 30:			
2026	\$ 415,000	164,811	579,811
2027	415,000	161,250	576,250
2028	415,000	140,500	555,500
2029	410,000	119,750	529,750
2030	410,000	99,250	509,250
2031–2035	<u>1,575,000</u>	<u>235,250</u>	<u>1,810,250</u>
	\$ <u>3,640,000</u>	<u>920,811</u>	<u>4,560,811</u>

(9) Leases

(a) Lease Overview

The City has entered various leases for land, buildings, and equipment. The City has recognized a lease liability and an intangible right-to-use-lease asset for lessee arrangements (see note 5) and a lease receivable and a deferred inflow of resources for lessor arrangements.

A summary of principal changes in the related lease liabilities for the year ended June 30, 2025 is as follows:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending balance</u>	<u>Amounts due within one year</u>
Leased liability	\$ 5,916,487	—	(1,803,140)	4,113,347	1,330,029

Future annual lease payments are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year ending June 30:			
2026	\$ 1,330,029	67,395	1,397,424
2027	516,029	51,584	567,613
2028	454,278	41,982	496,260
2029	423,187	33,253	456,440
2030	440,769	24,501	465,270
Thereafter	<u>949,055</u>	<u>21,539</u>	<u>970,594</u>
	\$ <u>4,113,347</u>	<u>240,254</u>	<u>4,353,601</u>

CITY OF CAMBRIDGE, MASSACHUSETTS

Notes to Basic Financial Statements

June 30, 2025

(b) Lessor Arrangements

In 2013, the City entered into a lease related to a City owned building at 5 Western Ave in the City of Cambridge. The lease is for approximately 20,200 square feet of office space and the agreement is for a 50 year term with the initial rent payment calculated at a per square foot rate of \$25.80 and increasing each January 1st by 1.0%.

For the year ended June 30, 2025, the City earned approximately \$457,240 in lease revenue and approximately \$375,823 in lease interest revenue related to its lessor leasing activities.

(10) Retirement Plans

(a) City of Cambridge Retirement System

The City of Cambridge Retirement System (the System) is a cost-sharing, multiple employer defined benefit pension plan 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 Retirement Board. As of December 31, 2024, the System provides pension benefits to the retired employees of four employers: the City of Cambridge, Cambridge Housing Authority, Cambridge Redevelopment Authority and Cambridge Health Alliance.

The System is a member of the Massachusetts Contributory System, which is governed by Chapter 32 of the Massachusetts General Laws (MGL). The System's separately issued financial report can be obtained by contacting the System.

Employees covered by the Contributory Retirement Law are classified into one of four groups depending on job classification. Group 1 comprises most positions in state and local government. It is the general category of public employees. Group 2 is a limited category for specified hazardous occupations. Group 3 is for State Police only. Group 4 comprises mainly police and firefighters.

For employees hired prior to April 2, 2012, the annual amount of the retirement allowance is based on the member's final three-year average salary multiplied by the number of years and full months of creditable service at the time of retirement and multiplied by a percentage based on the age of the member at retirement.

A member's final three-year average salary is defined as the greater of the highest consecutive three-year average annual rate of regular compensation or the average annual rate of regular compensation received during the last three years of creditable service prior to retirement.

For employees hired on April 2, 2012 or later, the annual amount of the retirement allowance is based on the member's final five year average salary multiplied by the number of years and full months of creditable service at the retirement and multiplied by a percentage based on the age and years of creditable service of the member at retirement.

A member's final five-year average salary is defined as the greater of the highest consecutive five-year average annual rate of regular compensation or the average annual rate of regular compensation received during the last five years of creditable service prior to retirement.

CITY OF CAMBRIDGE, MASSACHUSETTS

Notes to Basic Financial Statements

June 30, 2025

For employees who became members after January 1, 2011, regular compensation is limited to 64% of the federal limit found in 26 U.S.C. 401(a) (17). In addition, regular compensation for members who retire after April 2, 2012 will be limited to prohibit “spiking” a member’s salary to increase the retirement benefit.

For all employees, the maximum annual amount of the retirement allowance is 80% of the member’s final average salary. Any member who is a veteran also receives an additional yearly retirement allowance of \$15 per year of creditable service, not exceeding \$300. The veteran allowance is paid in addition to the 80% maximum.

(i) Contributions

Plan members are required to contribute to the System. Depending on their employment date, active members must contribute a range of 5% to 9% of their regular gross compensation. 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, which is apportioned among the employers based on active covered payroll. The contributions of plan members and the participating employers are governed by Chapter 32 of the MGL. The City’s and CHA’s actual contributions equaled or exceeded their required contributions to the System for the years ended June 30, 2025 and were \$47,317,084 and \$10,535,78, respectively.

The Commonwealth is obligated to reimburse the System for a portion of the benefits payments for cost of living increases granted before July 1998 and records any related liability in their financial statements.

(ii) Net Pension Liabilities, Pension Expense and Deferred Outflows and Inflows of Resources Related to Pensions

At June 30, 2025, the City reported a liability of \$128.3 million for its proportionate share of the System’s net pension liability measured as of December 31, 2024. The City’s proportion of the System’s net pension liability was based on actual contributions to the System relative to the actual contributions of all participating employers. The amount recognized by the City as its proportionate share of the net pension liability includes the proportionate share related to the Cambridge Health Alliance special funding situation. The total portion of the net pension liability associated with the City at June 30, 2025, was as follows:

City’s proportionate share of net pension liability	\$	128,330,964
City’s proportionate share of net pension liability associated with Cambridge Health Alliance		<u>—</u>
	\$	<u>128,330,964</u>

CITY OF CAMBRIDGE, MASSACHUSETTS

Notes to Basic Financial Statements

June 30, 2025

Inflation	3.0 %
Salary increases	4.0 %
Investment rate of return	7.10 %
Cost of living adjustments	3.0% of first \$18,000 (effective 7/1/23)
Pre-retirement mortality	Group 1 and 2: Pub-2010 General Employee Amount-Weighted Mortality Table projected generationally using Scale MP-2021 Group 4: Pub-2010 Safety Employee Amount-Weighted Mortality Table projected generationally using Scale MP-2021
Healthy Retiree mortality	Group 1 and 2: Pub-2010 General Healthy Retiree and Contingent Survivor Amount-Weighted Mortality Tables projected generationally using Scale MP-2021 Group 4: Pub-2010 Safety Healthy Retiree and Contingent Survivor Amount-Weighted Mortality Tables projected generationally using Scale MP-2021
Disabled Retiree mortality	Group 1 and 2: Pub-2010 General Healthy Retiree Amount-Weighted Mortality Table set forward one year projected generationally using Scale MP-2021 Group 4: Pub-2010 Disabled Retiree Amount-Weighted Mortality Table projected generationally using Scale MP-2021

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

CITY OF CAMBRIDGE, MASSACHUSETTS

Notes to Basic Financial Statements

June 30, 2025

Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of December 31, 2024 is summarized below:

Asset class	Target asset allocation	Long-term expected real rate of return
Cash	— %	1.05 %
Domestic equity	26.00	5.82
International developed markets equity	10.00	5.91
International emerging markets equity	10.00	7.06
Core fixed income	12.00	1.81
High yield fixed income	5.00	3.34
Emerging market debt	3.00	3.43
Bank Loan	3.00	2.96
Real estate	9.00	3.34
Timber & Farmland	4.00	3.82
Infrastructure	5.00	5.82
Private equity	13.00	9.20
	<u>100.00</u>	

(iv) *Discount Rate*

The discount rate used to calculate the total pension liability was 7.10%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based upon the assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

(v) *Sensitivity of the City's Proportionate Share of the System's Net Pension Liability (Asset)*

The following presents the City's proportionate share of the System's net pension liability (asset) calculated using the discount rate of 7.10% as well as what the City's proportionate share of the System's net pension liability would be if it were calculated using a discount rate that is 1% – point lower (6.10%) or 1%-point higher (8.10%) than the current rate:

	1% Decrease (6.10%)	Current discount rate (7.10%)	1% Increase (8.10%)
June 30, 2025	\$ 310,283,540	128,330,964	(24,381,669)

CITY OF CAMBRIDGE, MASSACHUSETTS

Notes to Basic Financial Statements

June 30, 2025

(b) Special Funding Situations

(i) Cambridge Health Alliance

In accordance with the Administrative Service Agreement dated May 6, 1997, between the City of Cambridge (City) and the Cambridge Public Health Commission, which subsequently became the Cambridge Health Alliance (CHA), the City is contractually required to fund a portion of CHA's employer contribution to the System. Accordingly, a special funding situation as defined by GASB Statement No. 68 exists and the City is treated as a nonemployer contributing entity relative to the portion of the contribution it makes on behalf of CHA. As such, the City rather than CHA, records in its financial statements the net pension liability and deferred outflows and inflows of resources related to this special funding situation. During 2024, the City did not fund any portion of the CHA's contribution to the System as the special funding situation ended in 2024.

(ii) Massachusetts Teachers' Retirement System

Teachers, certain administrators, and other professionals of the School Department participate in a contributory defined benefit plan administered by the Massachusetts Teachers' Retirement System (MTRS). The MTRS arrangement qualifies as a special funding situation as the City has no obligation to contribute to this plan. Rather the Commonwealth funds plan benefits to the extent that funding is not provided through employee contributions. The Commonwealth's proportionate share of the collective net pension liability of MTRS associated with the City's employees as of the June 30, 2024 measurement date is \$332.9 million based on an employer allocation percentage of 1.31%. The Commonwealth contributed \$27.5 million on behalf of the City during the measurement period and the City reported the amount as an intergovernmental revenue and education expenditure in the General Fund.

(11) Postemployment Benefits Other Than Pensions – GASB Statement 74 & 75

The City sponsors and participates in a single employer defined benefit OPEB plan, the City of Cambridge Postemployment Benefits Plan (the Plan), that primarily provides healthcare, in accordance with state statute and City ordinance, to participating retirees and their beneficiaries. City ordinance grants the authority to the City to establish a healthcare benefit trust fund for purposes of providing retiree healthcare benefits to employees of the City. The Plan is administered by the City and does not issue a stand-alone financial report.

(a) Benefits Provided

Medical and prescription drug benefits are provided to all eligible retirees not enrolled in Medicare through a variety of plans offered by Blue Cross Blue Shield of Massachusetts, Harvard Pilgrim HealthCare, and Tufts Health Plan. Medical and prescription drug benefits are provided to retirees enrolled in Medicare through supplemental and Medicare Advantage plans offered by Blue Cross Blue Shield of Massachusetts and Harvard Pilgrim Health Care. The City eliminated its medical plan with Tufts Health Plan as of April 30, 2025.

Groups 1, 2 and 4 retirees, including teachers, with at least 10 years of creditable service are eligible at age 55 or they may retire after a total of 20 years of creditable service regardless of age. Retirees on accidental disability retirement are eligible at any age, while ordinary disability requires 10 years of creditable service. The surviving spouse is eligible to receive pre and postretirement death benefits, as well as medical and prescription drug coverage.

CITY OF CAMBRIDGE, MASSACHUSETTS

Notes to Basic Financial Statements

June 30, 2025

(b) The Plan (GASB Statement No. 74)

(i) Employees Covered by the Benefit Terms

As of June 30, 2025, the following employees meet the eligibility requirements as put forth in Chapter 32B of M.G.L.:

	City
Active Plan members	3,517
Inactive members receiving benefits	2,828
Total membership	6,345
Total number of participating employers	1

(ii) Contributions

Employer and employee contribution rates are governed by the respective collective bargaining agreements. The Plan is currently funded on a pay-as-you-go basis plus additional City advance funding contributions as amounts are available. The City made additional contributions of \$2 million in fiscal 2024. The City and plan members share the cost of benefits. Plan members contribute 12% to 25% of the monthly premium cost, depending on the plan in which they are enrolled. The City contributes the balance of the premium cost.

In January 2009, the Commonwealth adopted Chapter 479, which amends Chapter 32B and allows local municipalities to establish an OPEB liability trust fund and a funding schedule for the trust fund and, on December 21, 2009, the City Council approved the establishment of an irrevocable OPEB trust fund.

(iii) Actuarial Methods and Assumptions

The total OPEB liability on June 30, 2025 was measured based on the June 30, 2025 actuarial valuation using the following assumptions:

Salary Increase. 5.3%.for Teachers and 4.0% per annum for all others.

Actuarial Cost Method and Amortization Period. The entry age normal cost method based on level percentage of projected salary.

Mortality. PUB-2010 table with generational scale MP-2021.

Healthcare cost trend rates. Trend rates begin with 8.50% (non-Medicare) and 5.25% (Medicare) and decrease 0.25% annually to an ultimate rate of 4.0%.

Discount Rate. The discount rate used to measure the total OPEB liability for the City is 5.12% per annum. The rate is based on a blend of the 20-year Bond Buyer GO index at June 30, 2025, of 4.00% and the expected long-term OPEB trust investment rate of return of 4.5%. The Plan's net position was not projected to be available to make all projected future benefit payments for current Plan members. Therefore, the long-term expected OPEB trust investment rate of return of 4.5%

CITY OF CAMBRIDGE, MASSACHUSETTS

Notes to Basic Financial Statements

June 30, 2025

was not applied to all periods of projected benefit payments to determine the total OPEB liability. The discount rate used for June 30, 2025, was assumed to be 5.12% and is also based on a blend of the 20-year Bond Buyer GO index and the City's expected return on assets.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset class</u>	<u>Target allocation</u>	<u>Long-term expected real rate of return</u>
Equity	50 %	7.0 %
Fixed income	50	2.0
Total	<u>100 %</u>	

(iv) *Net OPEB Liability – The Plan (GASB Statement No. 74)*

The components of the net OPEB liability for the Plan as of June 30, 2025 and the actuarial valuation assumptions as outlined above.

	<u>The plan</u>
Total OPEB Liability	\$ 772,584,504
Fiduciary net position	<u>(44,413,889)</u>
City's net OPEB liability	<u>\$ 728,170,615</u>
Fiduciary net position as a percentage of the total OPEB liability	5.75%

CITY OF CAMBRIDGE, MASSACHUSETTS

Notes to Basic Financial Statements

June 30, 2025

(v) *Change in the Net OPEB Liability – Plan (GASB Statement No. 74)*

		Increase (decrease)	
	Total OPEB liability	Plan fiduciary net position	Net OPEB liability
Balances at July 1, 2024	\$ 789,516,419	39,672,568	749,843,851
Changes for the year:			
Service cost	25,855,207	—	25,855,207
Interest	32,036,250	—	32,036,250
Difference between expected and actual experience	61,791,453	—	61,791,453
Changes in assumptions	(107,684,059)	—	(107,684,059)
Contribution – employer	—	30,930,766	(30,930,766)
Net investment income	—	2,808,674	(2,808,674)
Benefit payments	(28,930,766)	(28,930,766)	—
Administrative expenses	—	(67,353)	67,353
Net changes	<u>(16,931,915)</u>	<u>4,741,321</u>	<u>(21,673,236)</u>
Balances at June 30, 2025	\$ <u>772,584,504</u>	<u>44,413,889</u>	<u>728,170,615</u>

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Notes to Basic Financial Statements

June 30, 2025

Sensitivity of the net OPEB liability to changes in the discount rate. The following presents the net OPEB liability of the City, calculated using the discount rates disclosed as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate as of June 30, 2025 (in thousands):

	<u>Current rate</u>	<u>1% Decrease of current rate</u>	<u>Current discount rate</u>	<u>1% Increase of current rate</u>
Net OPEB liability	5.12 % \$	634,379,000	728,171,000	843,705,000

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates. The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage point lower or cost trend rates that are 1-percentage point higher than the current healthcare cost trend rates (in thousands):

	<u>1% Decrease of current rate</u>	<u>Current discount rate</u>	<u>1% Increase of current rate</u>
Net OPEB liability	\$ 622,496,000	728,171,000	861,000,000

(vi) *Annual Money Weighted Return*

For the year ended June 30, 2025, the annual money-weighted rate of return on investments, net of investment expense was 6.9%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts invested.

(vii) *Condensed Statement of OPEB Net Position*

Cash and cash equivalents	\$ 142,747
Investments, at fair value:	
Fixed income securities	15,864,958
Equities	<u>28,406,184</u>
Total investments	<u>44,271,142</u>
Held in trust for OPEB benefits	\$ <u><u>44,413,889</u></u>

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Notes to Basic Financial Statements

June 30, 2025

(viii) *Condensed Statement of Changes in OPEB Net Position*

Additions:

Contributions:

Employers	\$ <u>30,930,766</u>
Total contributions	<u>30,930,766</u>

Investment earnings:

Interest and dividends	1,280,575
Net appreciation in the fair value of investments	<u>1,528,099</u>
Net investment earnings	<u>2,808,674</u>
Total additions	<u>33,739,440</u>

Deductions:

Benefits	28,930,766
Administrative expenses	<u>67,353</u>
Total deductions	<u>28,998,119</u>
Change in net position	4,741,321

Net position, beginning of year	<u>39,672,568</u>
Net position, end of year	\$ <u><u>44,413,889</u></u>

(c) Employer (City) OPEB (GASB Statement No. 75)

The City's net OPEB liability at June 30, 2024, was measured based on June 30, 2023, actuarial valuation rolled forward to the June 30, 2024 measurement date.

Employees Covered by the Benefit Terms

As of June 30, 2024, actuarial valuation date, the following employees meet the eligibility requirements as put forth in Chapter 32B of M.G.L.:

	<u>City</u>
Active Plan members	3,299
Inactive members receiving benefits	<u>2,765</u>
Total membership	<u><u>6,064</u></u>
Total number of participating employers	1

CITY OF CAMBRIDGE, MASSACHUSETTS

Notes to Basic Financial Statements

June 30, 2025

(i) *Actuarial Methods and Assumptions*

The total OPEB liability at June 30, 2024, was measured based on the June 30, 2023 actuarial valuation and rolled forward to June 30, 2024 using the following assumptions:

Salary Increase: 3.5%.

Actuarial Cost Method and Amortization Period. The entry age normal cost method based on level percentage of projected salary.

Mortality. PUB-2010 table with generational scale MP-2021.

Healthcare cost trend rates. Trend rates begin with 6.75% (non-Medicare) and 5.75% (Medicare) and decrease 0.25% annually to an ultimate rate of 4.0%.

Discount Rate. The discount rate used to measure the total OPEB liability for the City is 4.00% per annum. The rates are based on a blend of the 20-year Bond Buyer GO index at June 30, 2024, of 3.93% and the expected long-term OPEB trust investment rate of return of 4.5%. The Plan's net position was not projected to be available to make all projected future benefit payments for current Plan members. Therefore, the long-term expected OPEB trust investment rate of return of 4.5% was not applied to all periods of projected benefit payments to determine the total OPEB liability. The discount rate used for June 30, 2023, was assumed to be 3.74% and is also based on a blend of the 20 year Bond Buyer GO index and the City's expected investment rate of return on assets.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset class	Target allocation	Long-term expected real rate of return
Equity	50 %	7.0 %
Fixed income	50	2.0
Total	100 %	

CITY OF CAMBRIDGE, MASSACHUSETTS

Notes to Basic Financial Statements

June 30, 2025

(ii) *Change in the Net OPEB Liability – Plan (GASB Statement No. 75)*

		Increase (decrease)	
	Total OPEB liability	Plan fiduciary net position	Net OPEB liability
Balances at July 1, 2023	\$ 789,996,849	33,968,931	756,027,918
Changes for the year:			
Service cost	26,664,444	—	26,664,444
Interest	30,060,346	—	30,060,346
Difference between expected and actual experience	—	—	—
Changes in assumptions	(31,387,764)	—	(31,387,764)
Contribution – employer	—	27,817,456	(27,817,456)
Net investment income	—	3,763,632	(3,763,632)
Benefit payments	(25,817,456)	(25,817,456)	—
Administrative expenses	—	(59,995)	59,995
Net changes	<u>(480,430)</u>	<u>5,703,637</u>	<u>(6,184,067)</u>
Balances at June 30, 2024	\$ <u>789,516,419</u>	<u>39,672,568</u>	<u>749,843,851</u>

Sensitivity of the net OPEB liability to changes in the discount rate. The following presents the net OPEB liability of the City, calculated using the discount rates disclosed as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate as of June 30, 2024 (in thousands):

	Current rate	1% Decrease of current rate	Current discount rate	1% Increase of current rate
Net OPEB liability	4.00 % \$	885,203	749,844	642,085

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates. The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it

CITY OF CAMBRIDGE, MASSACHUSETTS

Notes to Basic Financial Statements

June 30, 2025

were calculated using healthcare cost trend rates that are 1-percentage point lower or cost trend rates that are 1-percentage point higher than the current healthcare cost trend rates (in thousands):

	<u>1% Decrease of current rate</u>	<u>Current discount rate</u>	<u>1% Increase of current rate</u>
Net OPEB liability	\$ 629,881	749,844	903,905

(d) OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2025 the City recognized OPEB expense of \$16.6 million.

At June 30, 2025, based on the June 30, 2024 measurement date, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources (in thousands):

	<u>Deferred outflows</u>	<u>Deferred inflows</u>
Difference between expected and actual experience	\$ —	23,359
Changes in assumptions	—	110,431
Net difference between projected and actual earnings on OPEB plan investments	—	4,273
Contributions subsequent to the measurement date	<u>30,931</u>	<u>—</u>
	\$ <u>30,931</u>	<u>138,063</u>

Contributions subsequent to the measurement date will be recognized as a reduction in the net OPEB liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows (in thousands):

<u>Fiscal year</u>	<u>Amounts</u>
2026	\$ (63,052)
2027	(52,816)
2028	(15,686)
2029	(6,509)
	<u>—</u>
Total	\$ <u>(138,063)</u>

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Notes to Basic Financial Statements

June 30, 2025

(12) Securities Lending

The Public Employment Retirement Administration Commission of Massachusetts (PERAC) has issued supplemental regulations that permit the System to engage in securities lending transactions. The System has entered into a Securities Lending Agreement (the Agreement) with a third party to act as the System's sub-custodian/agent for the purposes of managing a securities lending program.

The System lends fixed income, domestic equity, and international equity securities to approved broker/dealers. Collateral for securities loaned equals 102 percent of fair market value for domestic securities and 105 percent for international securities not denominated in U.S. dollars.

Types of collateral received from borrowers for securities loaned are cash and non-cash. The sub-custodian is authorized to invest the cash collateral in approved investments, as defined in the Agreement. Non-cash collateral received is not recorded in the accompanying financial statements as the System cannot pledge or sell the non-cash collateral except in the event of a borrower default.

As of December 31, 2024, the market value of securities on loan was \$4.8 million. The associated collateral was \$4.9 million, of which \$1.2 million was cash collateral and \$3.7 million was non-cash.

The Agreement limits the maturity value of any approved investment, as defined, to maximum of 397 days, except U.S. government securities, which shall have a final maturity not exceeding 762 days.

At year-end, the System has no credit risk exposure to borrowers because the amounts the System owes the borrowers exceed the amounts the borrowers owe the System. The Agreement indemnifies the System if the borrowers fail to return the securities (and the collateral is inadequate to replace the securities lent) or fail to pay the System for income distributions by the securities' issuers while the securities are on loan.

As of December 31, 2024, there were no violations of legal or contractual provisions. The System has not experienced any losses resulting from the default of a borrower or lending agent during the year ended December 31, 2024.

CITY OF CAMBRIDGE, MASSACHUSETTS

Notes to Basic Financial Statements

June 30, 2025

(13) Transfers

This schedule provides a summary of the City's transfers to various funds based on budgeted appropriations. The City budgets in the General fund and transfers the amounts related to fund capital projects, affordable housing and the use of parking revenues used to fund eligible general government expenses.

Transfers and their purposes during the year ended June 30, 2025 were as follows:

	Governmental funds					Proprietary fund
	General	Capital	Affordable housing trust fund	City Grants	Other	Enterprise fund water
General – to fund capital expenditures	\$ (25,598,000)	25,598,000	—	—	—	—
General – mitigation revenues to fund eligible capital expenditures	(3,727,000)	3,727,000	—	—	—	—
Parking – to fund administrative costs and other eligible City expenditures	21,818,045	550,000	—	—	(22,368,045)	—
General - to fund eligible parking expenditures	(1,146,024)	—	—	—	1,146,024	—
General – federal grant stabilization to fund eligible human services programs	(1,000,000)	—	—	1,000,000	—	—
Capital – to fund eligible CDBG program costs	—	(28,471)	—	—	28,471	—
Water – to fund administrative costs	729,340	—	—	—	—	(729,340)
General fund to/from Affordable Housing Fund	(24,645,750)	—	24,645,750	—	—	—
Affordable Housing Fund to/from CPA Fund	—	—	17,040,000	—	(17,040,000)	—
Total	\$ (33,569,389)	29,846,529	41,685,750	1,000,000	(38,233,550)	(729,340)

CITY OF CAMBRIDGE, MASSACHUSETTS

Notes to Basic Financial Statements

June 30, 2025

(14) Fund Balance Classification Details

The components of fund balance for the City's governmental funds as of June 30, 2025, are as follows.

	<u>General fund</u>	<u>Capital fund</u>	<u>Affordable housing trust fund</u>	<u>City grants funds</u>	<u>Other governmental fund</u>
Fund balances (deficit):					
Nonspendable:					
Deposits	\$ —	—	—	—	—
Restricted:					
Property and development	—	79,002,859	—	—	16,780,042
Streets and sidewalks	—	32,267,521	—	—	—
Parks and recreation	—	25,866,000	—	3,545	9,000,429
Sewer projects	—	54,464,443	—	—	—
Library	—	312,229	—	10,085	—
Schools	—	33,766,791	—	—	—
General government	—	6,244,515	—	10,995,294	—
Human services	—	681,125	—	3,926,346	—
Aggregation Adder Fund	—	—	—	—	3,982,109
School Grants Fund Federal/State	—	—	—	—	7,851,753
Opioid Settlement Receipts Fund	—	—	—	—	3,060,174
Committed:					
Parking fund	—	—	—	—	6,808,684
Health claims	41,017,283	—	—	—	—
Budget stabilization	99,240,228	—	—	—	—
Affordable housing	—	—	202,123,830	—	—
Assigned:					
Subsequent year's expenditures	25,756,500	—	—	—	—
Unassigned (deficit)	<u>200,754,871</u>	<u>—</u>	<u>—</u>	<u>(5,844,589)</u>	<u>—</u>
Total fund balances (deficit)	\$ <u>366,768,882</u>	<u>232,605,483</u>	<u>202,123,830</u>	<u>9,090,681</u>	<u>47,483,191</u>

The City Grants fund deficit is expected to be funded with future federal grants that are not yet awarded.

(a) Stabilization Funds

In accordance with section 5B of Chapter 40 of the Massachusetts General Laws, the City of Cambridge has established Stabilization Funds for six different purposes. This allows the municipality to reserve funds for specific events or purpose. Such stabilization funds are established with a council 2/3rd approval vote.

The City Stabilization fund was the first set up in the mid 1990's as a statutory reserve account that may be used for purposes for which city debt would ordinarily be used. The funds are available to subsidize debt payments during economic downturns and periods for which debt service payments rise due to large construction projects such as a school building.

CITY OF CAMBRIDGE, MASSACHUSETTS

Notes to Basic Financial Statements

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During October of 2016, the City Council voted to establish the Mitigation Stabilization and the Community Benefits Stabilization funds. The Mitigation Stabilization fund is used to accumulate revenues received from developers through the City's permitting or Zoning amendment process stipulated for specific infrastructure projects. The Community Benefits Stabilization fund accumulates revenues received with the enactment of an amendment to the City's Zoning Ordinance or other agreements earmarked for Community Benefits. During June of 2023, the City Council voted to establish the Universal Pre-Kindergarten Stabilization fund. This fund was established for the purpose of programs and services related to establishing, maintaining, and expanding a Universal Pre-Kindergarten program and other early childhood programs in the City of Cambridge. During October of 2023, the City Council voted to establish the Opioid Stabilization fund. This was established in accordance with the requirements of the opioid settlement agreement through the Commonwealth of Massachusetts. In June 2025, the City Council voted to establish the Federal Grant Stabilization fund. This was established to help address the funding gaps resulting from the actual or anticipated loss of federal funding for programs and services that benefit the most vulnerable Cambridge residents. All Stabilization funds require a 2/3rd council approval to transfer revenues in or out of the funds.

The Stabilization balances as of June 30, 2025 are as follows:

City Stabilization fund	\$	56,002,115
Mitigation Stabilization fund		34,167,819
Community Benefits Stabilization fund		1,866,562
Universal Pre-Kindergarten Stabilization fund		1,500,000
Grant Fund Stabilization		4,000,000
Opioid Stabilization fund		<u>1,703,732</u>
Total Stabilization funds	\$	<u>99,240,228</u>

In accordance with GASB 54 requirements, balances in the Stabilization funds are classified as committed.

(b) Commitments and Contingencies

The City has \$14.1 million in encumbrances for purchase orders and contracts in the General Fund, \$125.4 million in the Capital Fund, \$14.9 million in the City Grant Funds, and \$4.0 million in the Other Governmental Funds.

(15) 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. 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 property and casualty, workers' compensation and unemployment claims.

The City has medical plans with Tufts Health Plan, Harvard Pilgrim and Blue Cross/Blue Shield under which it makes actual claims payments. The City eliminated its medical plan with Tufts Health Plan as of

CITY OF CAMBRIDGE, MASSACHUSETTS

Notes to Basic Financial Statements

June 30, 2025

April 30, 2025. The medical plan providers act as claim processors and a transfer of risk does not occur. Approximately 90% of the City's employees participate in the self-insured plan with the remainder electing preferred provider plans that are premium based. The number of settlements did not exceed insurance coverage for premium based health insurance elections for fiscal years ended June 30, 2025, 2024, and 2023

Active employees contribute at least 12% 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 are currently enrolled in indemnity plans and 15% for those who enroll in HMO type plans. The City does not carry stop-loss insurance.

The City has established a liability based on historical trends of previous years and attorney's estimates of pending matters and lawsuits in which the City is involved.

Changes in the self-insurance liability for the years ended June 30, 2025 and 2024 are as follows:

	<u>2025</u>	<u>2024</u>
Judgments and accrued claims, beginning of year	\$ 25,666,100	20,389,100
Incurred claims	79,753,069	82,499,663
Less payments of claims attributable to events of both current and prior fiscal years	<u>(79,526,169)</u>	<u>(77,222,663)</u>
Judgments and accrued claims, end of year	<u>\$ 25,893,000</u>	<u>25,666,100</u>

The liabilities above have not been discounted to their present value. Incurred claims represent the total of a provision for events of the current fiscal year and any change in the provision for events of the prior fiscal years.

There are numerous pending matters and lawsuits in which the City is involved. The City attorneys' estimate that the potential claims against the City not recorded in the accompanying basic financial statements resulting from such litigation would not materially affect the basic financial statements.

CITY OF CAMBRIDGE, MASSACHUSETTS

Required Supplementary Information

Schedule of Employer OPEB Contributions

(Dollars in thousands)

(Unaudited)

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Actuarially determined contribution (ADC)	\$ 63,684	64,186	75,763	48,450	47,760	49,857	45,818	36,817	36,817
Contributions in relation to the actuarially determined contribution	30,931	27,818	26,418	24,151	23,460	25,120	24,193	22,732	22,271
Contribution deficiency (excess)	\$ <u>32,753</u>	<u>36,368</u>	<u>49,345</u>	<u>24,299</u>	<u>24,300</u>	<u>24,737</u>	<u>21,625</u>	<u>14,085</u>	<u>14,546</u>
Covered payroll	\$ 299,506	275,067	260,757	249,105	240,681	245,281	236,987	238,710	196,095
Contributions as a percentage of covered payroll	10.33 %	10.11 %	10.13 %	9.70 %	9.75 %	10.24 %	10.21 %	9.52 %	11.36 %

Actuarial Determined Contribution

The City's funding strategy is to contribute an incremental \$2 million to its OPEB trust fund above and beyond the pay as you go amount.

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See accompanying independent auditors' report.

CITY OF CAMBRIDGE, MASSACHUSETTS

Required Supplementary Information

Schedule of Changes in the City's Net OPEB Liability and Related Ratios

(Unaudited)

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB liability:									
Service Cost	\$ 25,855,207	26,664,444	39,646,284	38,261,228	25,244,849	24,667,627	21,565,086	20,749,626	19,965,001
Interest Cost	32,036,250	30,060,346	29,558,617	22,182,324	22,588,802	27,330,585	25,308,994	25,372,266	24,607,849
Differences between expected and actual experience	61,791,453	—	(31,823,632)	—	(23,138,935)	—	8,829,767	—	—
Changes in assumptions or other inputs	(107,684,059)	(31,387,764)	(12,065,582)	(190,668,098)	(12,578,096)	190,345,545	64,557,764	(27,084,632)	(53,438,652)
Benefit payments	(28,930,766)	(25,817,456)	(24,417,847)	(22,151,349)	(21,460,536)	(23,119,795)	(22,192,854)	(20,732,507)	(20,271,000)
Net change in OPEB liability	(16,931,915)	(480,430)	897,840	(152,375,895)	(9,343,916)	219,223,962	98,068,757	(1,695,247)	(29,136,802)
Total OPEB liability - beginning	789,516,419	789,996,849	789,099,009	941,474,904	950,818,820	731,594,858	633,526,101	635,221,348	664,358,150
Total OPEB liability - ending	772,584,504	789,516,419	789,996,849	789,099,009	941,474,904	950,818,820	731,594,858	633,526,101	635,221,348
Plan fiduciary net position:									
Contributions - employer	30,930,766	27,817,456	26,417,847	24,151,349	23,460,536	25,119,795	24,192,854	22,732,507	22,271,000
Net investment income	2,808,674	3,763,632	3,000,421	768,885	3,636,817	299,544	1,634,141	(3,643)	589,155
Benefit payments	(28,930,766)	(25,817,456)	(24,417,847)	(22,151,349)	(21,460,536)	(23,119,795)	(22,192,854)	(20,732,507)	(20,271,000)
Admin. Expense	(67,353)	(59,995)	(51,949)	(47,599)	(36,465)	(23,173)	(57,869)	(63,412)	(23,551)
Net change in plan fiduciary net position	4,741,321	5,703,637	4,948,472	2,721,286	5,600,352	2,276,371	3,576,272	1,932,945	2,565,604
Plan fiduciary net position - beginning	39,672,568	33,968,931	29,020,459	26,299,173	20,698,821	18,422,450	14,846,178	12,913,233	10,347,629
Plan fiduciary net position - ending	44,413,889	39,672,568	33,968,931	29,020,459	26,299,173	20,698,821	18,422,450	14,846,178	12,913,233
City's net OPEB liability - ending	\$ <u>728,170,615</u>	<u>749,843,851</u>	<u>756,027,918</u>	<u>760,078,550</u>	<u>915,175,731</u>	<u>930,119,999</u>	<u>713,172,408</u>	<u>618,679,923</u>	<u>622,308,115</u>
Plan fiduciary net position as a percentage of the OPEB liability	5.75 %	5.02 %	4.30 %	3.68 %	2.79 %	2.18 %	2.52 %	2.34 %	2.03 %
Covered payroll	\$ 299,506,034	275,067,089	260,756,779	249,104,808	240,680,974	245,281,000	236,986,885	238,709,766	196,094,885
City's net OPEB liability as a percentage of covered payroll	243.1 %	272.6 %	289.9 %	305.1 %	380.2 %	379.2 %	300.9 %	259.2 %	317.4 %

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See accompanying independent auditors' report.

CITY OF CAMBRIDGE, MASSACHUSETTS

Required Supplementary Information

Notes to Schedule of Changes in the City's Net OPEB Liability and Related Ratios

(Unaudited)

Changes of assumptions	Amount of change TPL	Description
2025:	\$ (107,684,059)	Discount rate increased from 4.0% to 5.12%
2024:	\$ (31,387,764)	Discount rate increased from 3.74% to 4.00%
2023:	\$ (12,065,582)	Discount rate increased from 3.62% to 3.74% The Healthcare cost trend assumption for non-Medicare was decreased from beginning with 7.0% to begin with 6.75% and the Medicare healthcare cost trend was decreased from beginning with 6.0% to begin with 5.75%. The mortality assumption was updated from PUB-2010 table scaled using Scale MP-2020, applied on a gender-specific basis to PUB-2010 mortality table with generational scale MP-2021
2022:	\$ (190,668,098)	Discount rate increased from 2.29% to 3.62% The Healthcare cost trend assumption for non-Medicare was decreased from beginning with 7.25% to begin with 7.0% and the Medicare healthcare cost trend was decreased from beginning with 6.25% to begin with 6.0%.
2021:	\$ (12,578,096)	Discount rate increased from 2.34% to 2.29% The Healthcare cost trend assumption for non-Medicare was increased from beginning with 5.5% to begin with 7.25% and the Medicare healthcare cost trend was increased from beginning with 4.5% to begin with 6.25%. The mortality assumption was updated from PUB-2010 table scaled using Scale MP-2018, applied on a gender-specific basis to PUB-2010 mortality table with generational scale MP-2020 The Excise Tax (ACA Cadillac Tax) on high cost employer-sponsored health plans was replaced by a Bill in December 2019. This bill fully repealed the excise tax, and therefore is no longer considered a liability in the valuation.
2020:	\$ 190,345,545	Discount rate decreased from 3.67% to 2.34% The Healthcare cost trend assumption for non-Medicare was reduced from beginning with 6.0% to begin with 5.5% and the Medicare healthcare cost trend was reduced from beginning with 5.0% to begin with 4.5%.
2019:	\$ 64,557,764	Discount rate decreased from 3.93% to 3.67% The mortality assumption was updated from RP-2014 generational table using Scale MP-2017, applied on a gender-specific basis to PUB-2010 table scaled using Scale MP-2018, applied on a gender-specific basis. The inflation assumption was increased from 2.5% to 3.0% The Healthcare cost trend assumption for non-Medicare was reduced from beginning with 6.5% to begin with 6.0% and the Medicare healthcare cost trend was reduced from beginning with 5.5% to begin with 5.0%. The investment target allocation for Equity was reduced from 55% to 50%, the investment target allocation for Fixed Income was increased from 40% to 50%, and the investment target allocation for Cash was reduced from 5% to zero.
2018:	\$ (27,084,632)	Discount rate increased from 3.65% to 3.93% The Healthcare cost trend assumption for non-Medicare was reduced from beginning with 7.0% to begin with 6.5% and the Medicare healthcare cost trend was reduced from beginning with 6.0% to begin with 5.5%.

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See accompanying independent auditors' report.

CITY OF CAMBRIDGE, MASSACHUSETTS
 Required Supplementary Information
 Schedule of Investment Returns – Cambridge OPEB Trust Fund
 (Unaudited)

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Annual money-weighted rate of return, net of investment expense	6.90 %	10.90 %	10.20 %	2.70 %	17.00 %	1.50 %	10.50 %	(0.50)%	5.47 %

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See accompanying independent auditors' report.

CITY OF CAMBRIDGE, MASSACHUSETTS
 Required Supplementary Information
 Schedule of Pension Contributions – City of Cambridge
 (Unaudited)

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Actuarially determined contribution	\$ 47,317,084	50,480,819	45,363,955	40,752,795	36,675,807	34,725,997	32,247,663	30,772,819	30,523,432	28,665,468
Contributions in relation to the actuarially determined contribution	47,317,084	50,780,819	45,663,955	41,052,795	36,975,807	35,025,997	32,547,663	31,072,819	30,823,432	28,965,468
Contribution deficiency (excess)	\$ —	(300,000)	(300,000)	(300,000)	(300,000)	(300,000)	(300,000)	(300,000)	(300,000)	(300,000)
Covered payroll	\$ 191,992,845	178,314,695	166,884,661	156,697,570	151,520,779	145,977,063	138,664,148	133,664,659	127,847,305	122,094,246
Contributions as a percentage of covered payroll	24.65 %	28.48 %	27.36 %	26.20 %	24.40 %	23.99 %	23.47 %	23.25 %	24.11 %	23.72 %

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See accompanying independent auditors' report.

CITY OF CAMBRIDGE, MASSACHUSETTS

Required Supplementary Information

Schedule of City's Proportionate Share of the Net Pension Liability

(Unaudited)

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
City's proportion of the net pension liability	75.540000 %	74.600724 %	75.150725 %	75.680723 %	76.350725 %	76.520724 %	75.216558 %	75.922581 %	76.792582 %	76.337126 %
City's proportionate share of the net pension liability	\$ 128,330,964	188,107,388	222,397,503	2,829,921	125,468,822	183,560,092	240,258,089	137,962,572	181,785,216	212,198,096
City's covered payroll	191,992,845	200,534,069	188,081,720	179,714,385	174,895,808	164,910,395	158,786,533	152,037,721	143,648,191	144,783,082
City's proportionate share of the net pension liability as a percentage of covered payroll	149.61 %	106.61 %	84.57 %	6,350.51 %	139.39 %	89.84 %	66.09 %	110.20 %	79.02 %	68.23 %
City of Cambridge Retirement System fiduciary net position as a percentage of the total pension liability	91.91 %	87.60 %	84.60 %	99.80 %	90.65 %	85.81 %	79.89 %	88.02 %	83.08 %	80.00 %

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Schedule excludes covered payroll for CHA special funding situation

See accompanying independent auditors' report.

CITY OF CAMBRIDGE, MASSACHUSETTS

Schedule of Revenues and Expenditures – Budgetary Basis

Required Supplementary Information

General Fund – Budget and Actual

Year ended June 30, 2025

(Unaudited)

(with comparative actual amounts for 2024)

	2025 Original Budget	2025 Final Budget	2025 Actual	Variance favorable (unfavorable)	2024 Actual
Revenues:					
Property taxes	\$ 626,330,105	626,330,105	628,388,753	2,058,648	575,418,489
Provisions for tax abatements and adj.	(4,500,000)	(4,500,000)	(4,692,865)	(192,865)	(4,421,864)
Payments in lieu of tax receipts	8,000,000	8,000,000	8,900,376	900,376	8,683,470
Hotel/motel/meals/other excise tax	22,400,000	22,400,000	25,062,222	2,662,222	24,753,003
Intergovernmental	51,088,615	51,088,615	51,766,835	678,220	49,795,690
Sewer use	74,166,700	74,166,700	72,096,254	(2,070,446)	70,622,019
Motor vehicle excise	8,034,839	8,034,839	8,244,317	209,478	8,223,367
Investment income	5,100,000	5,100,000	17,256,323	12,156,323	16,167,602
Other	85,088,826	85,088,826	57,134,139	(27,954,687)	101,227,845
Total revenues	875,709,085	875,709,085	864,156,354	(11,552,731)	850,469,621
Expenditures:					
Current:					
General government	70,293,534	71,471,374	65,234,527	6,236,847	49,247,379
Public safety	195,363,045	195,647,500	192,395,267	3,252,233	180,918,279
Community maintenance and development	120,799,471	122,410,131	119,052,250	3,357,881	109,204,600
Human resource development	95,586,140	95,609,205	89,408,157	6,201,048	74,828,877
Education	268,250,000	268,250,000	267,983,657	266,343	241,075,839
Judgments and claims	350,000	890,000	837,914	52,086	8,603,303
State and district assessments	73,373,675	74,447,385	73,203,082	1,244,303	70,737,241
Debt service:					
Principal	75,334,330	75,334,330	75,334,330	—	67,253,998
Interest	26,555,950	26,555,950	26,274,881	281,069	22,131,201
Total expenditures	925,906,145	930,615,875	909,724,065	20,891,810	824,000,717
Excess (deficiency) of revenues over expenditures	(50,197,060)	(54,906,790)	(45,567,711)	9,339,079	26,468,904
Other financing sources (uses):					
Operating transfers in (out):					
Special revenue funds	22,854,100	22,854,100	20,672,021	(2,182,079)	21,115,695
Capital projects funds	(11,433,000)	(11,433,000)	(25,598,000)	(14,165,000)	(18,903,087)
Trust funds	36,046,620	36,046,620	(19,841,562)	(55,888,182)	3,295,268
Enterprise fund	729,340	729,340	729,340	—	727,770
Total other financing sources (uses)	48,197,060	48,197,060	(24,038,201)	(72,235,261)	6,235,646
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(2,000,000)	(6,709,730)	\$ (69,605,912)	(62,896,182)	32,704,550
Other budget items:					
Free cash appropriations	—	4,709,730			
Overlay surplus	2,000,000	2,000,000			
Total other budget items	2,000,000	6,709,730			
Net budget and actual	\$ —	—			

See accompanying independent auditors' report and notes to required supplementary information.

CITY OF CAMBRIDGE, MASSACHUSETTS

Notes to Required Supplementary Information – Schedule of Revenues and Expenditures

Year ended June 30, 2025

(Unaudited)

The City’s general fund budget is prepared on a basis other than accounting principles generally accepted in the United States of America (GAAP). The “actual” results column in the statement of revenues and expenditures – budgetary basis – general fund is presented on a “budgetary basis” to provide a meaningful comparison of actual results with the budget. The major differences between the budget and GAAP basis, where applicable, are that:

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

Encumbrances and continuing appropriations are recorded as the equivalent of expenditures (budget) but have no effect on GAAP expenditures.

Certain activities and transactions are presented in separate funds (GAAP), rather than as components of the general fund (budget).

Amounts raised for the prior years’ deficits and available funds from prior years’ surpluses are recorded as revenue items (budget) but have no effect on GAAP revenues.

In addition, there are certain differences in classifications between revenues, expenditures, and transfers.

The following reconciliation summarizes the differences between budgetary and GAAP basis accounting principles for the year ended June 30, 2025:

	<u>Revenues</u>	<u>Expenditures</u>	<u>Other financing sources (uses), net</u>
As reported on a budgetary basis	\$ 864,156,354	909,724,065	(24,038,201)
Adjustments:			
Revenues to modified accrual basis	26,265,623	—	—
Expenditures, encumbrances and accruals, net	—	(31,550,209)	—
On-behalf contribution for teachers pension	27,478,911	27,478,911	
Reclassification:			
Premium on debt issuance	—	—	634,090
Transfers not reported on a Budgetary/GAAP basis	—	—	(9,531,188)
As reported on a GAAP basis	\$ <u>917,900,888</u>	<u>905,652,767</u>	<u>(32,935,299)</u>

CITY OF CAMBRIDGE, MASSACHUSETTS

General Fund

Schedule of Expenditures – Budgetary Basis

Year ended June 30, 2025

	<u>Budget</u>	<u>Actual</u>	<u>Variance positive (negative)</u>
General government:			
Mayor:			
Salaries and wages	\$ 1,053,305	868,773	184,532
Other ordinary maintenance	213,600	162,852	50,748
Travel and training	40,000	27,450	12,550
Total Mayor	<u>1,306,905</u>	<u>1,059,075</u>	<u>247,830</u>
City Manager:			
Salaries and wages	5,326,995	4,885,115	441,880
Other ordinary maintenance	1,434,150	1,343,894	90,256
Travel and training	83,930	54,209	29,721
Total City Manager	<u>6,845,075</u>	<u>6,283,218</u>	<u>561,857</u>
City Council:			
Salaries and wages	2,680,300	2,561,296	119,004
Other ordinary maintenance	61,500	23,988	37,512
Travel and training	75,200	34,402	40,798
Total City Council	<u>2,817,000</u>	<u>2,619,686</u>	<u>197,314</u>
City Clerk:			
Salaries and wages	1,924,410	1,924,405	5
Other ordinary maintenance	267,210	267,187	23
Travel and training	4,420	500	3,920
Total City Clerk	<u>2,196,040</u>	<u>2,192,092</u>	<u>3,948</u>
Law:			
Salaries and wages	3,103,975	2,826,371	277,604
Other ordinary maintenance	1,134,800	860,259	274,541
Travel and training	17,545	10,983	6,562
Total law	<u>4,256,320</u>	<u>3,697,613</u>	<u>558,707</u>
Finance:			
Salaries and wages	17,358,500	16,655,527	702,973
Other ordinary maintenance	10,409,115	9,747,772	661,343
Travel and training	149,275	119,285	29,990
Extraordinary expenditures	1,062,800	1,060,000	2,800
Total finance	<u>28,979,690</u>	<u>27,582,584</u>	<u>1,397,106</u>
Employment benefits:			
Salaries and wages	10,922,484	9,160,064	1,762,420
Other ordinary maintenance	958,635	903,005	55,630
Travel and training	380,000	380,000	0
Total employment benefits	<u>12,261,119</u>	<u>10,443,069</u>	<u>1,818,050</u>
Equity and inclusion:			
Salaries and wages	1,390,950	1,117,090	273,860
Other ordinary maintenance	853,150	473,427	379,723
Travel and training	26,280	10,271	16,009
Total equity and inclusion	<u>2,270,380</u>	<u>1,600,788</u>	<u>669,592</u>

CITY OF CAMBRIDGE, MASSACHUSETTS

General Fund

Schedule of Expenditures – Budgetary Basis

Year ended June 30, 2025

	<u>Budget</u>	<u>Actual</u>	<u>Variance positive (negative)</u>
Human resources:			
Salaries and wages	\$ 3,964,320	3,606,451	357,869
Other ordinary maintenance	1,267,550	1,090,331	177,219
Travel and training	<u>281,500</u>	<u>141,797</u>	<u>139,703</u>
Total human resources	<u>5,513,370</u>	<u>4,838,579</u>	<u>674,791</u>
Election commission:			
Salaries and wages	1,869,745	1,869,741	4
Other ordinary maintenance	589,140	572,487	16,653
Travel and training	<u>8,470</u>	<u>1,321</u>	<u>7,149</u>
Total election commission	<u>2,467,355</u>	<u>2,443,549</u>	<u>23,806</u>
Public celebrations:			
Salaries and wages	972,730	972,727	3
Other ordinary maintenance	837,900	834,233	3,667
Travel and training	<u>1,325</u>	<u>250</u>	<u>1,075</u>
Total public celebrations	<u>1,811,955</u>	<u>1,807,210</u>	<u>4,745</u>
Reserve:			
Other ordinary maintenance	<u>40,000</u>	—	40,000
Total reserve	<u>40,000</u>	—	40,000
Animal commission:			
Salaries and wages	683,160	647,538	35,622
Other ordinary maintenance	17,855	17,786	69
Travel and training	<u>5,150</u>	<u>1,740</u>	<u>3,410</u>
Total animal commission	<u>706,165</u>	<u>667,064</u>	<u>39,101</u>
Total general government	<u>71,471,374</u>	<u>65,234,527</u>	<u>6,236,847</u>
Public safety:			
Community safety:			
Salaries and wages	1,975,725	1,862,665	113,060
Other ordinary maintenance	1,062,100	1,017,144	44,956
Travel and training	38,000	6,023	31,977
Extraordinary expenditures	<u>15,000</u>	<u>10,822</u>	<u>4,178</u>
Total community safety admin	<u>3,090,825</u>	<u>2,896,654</u>	<u>194,171</u>
Fire:			
Salaries and wages	71,708,985	71,061,896	647,089
Other ordinary maintenance	2,224,520	2,176,792	47,728
Travel and training	626,500	622,016	4,484
Extraordinary expenditures	<u>195,000</u>	<u>190,292</u>	<u>4,708</u>
Total fire	<u>74,755,005</u>	<u>74,050,996</u>	<u>704,009</u>

CITY OF CAMBRIDGE, MASSACHUSETTS

General Fund

Schedule of Expenditures – Budgetary Basis

Year ended June 30, 2025

	<u>Budget</u>	<u>Actual</u>	<u>Variance positive (negative)</u>
Police:			
Salaries and wages	\$ 76,541,955	76,378,293	163,662
Other ordinary maintenance	3,238,875	2,984,781	254,094
Travel and training	382,500	370,518	11,982
Extraordinary expenditures	<u>782,500</u>	<u>714,949</u>	<u>67,551</u>
Total police	<u>80,945,830</u>	<u>80,448,541</u>	<u>497,289</u>
Traffic and parking:			
Salaries and wages	12,919,250	12,271,558	647,692
Other ordinary maintenance	4,886,790	4,429,758	457,032
Travel and training	201,000	155,504	45,496
Extraordinary expenditures	<u>70,000</u>	<u>69,996</u>	<u>4</u>
Total traffic and parking	<u>18,077,040</u>	<u>16,926,816</u>	<u>1,150,224</u>
Police review and advisory board:			
Other ordinary maintenance	1,900	—	1,900
Travel and training	<u>8,000</u>	<u>6,200</u>	<u>1,800</u>
Total police review and advisory board	<u>9,900</u>	<u>6,200</u>	<u>3,700</u>
Inspectional services:			
Salaries and wages	4,964,485	4,956,578	7,907
Other ordinary maintenance	561,960	362,377	199,583
Travel and training	<u>18,170</u>	<u>6,999</u>	<u>11,171</u>
Total inspectional services	<u>5,544,615</u>	<u>5,325,954</u>	<u>218,661</u>
License:			
Salaries and wages	1,957,700	1,723,120	234,580
Other ordinary maintenance	44,520	15,620	28,900
Travel and training	<u>7,520</u>	<u>1,100</u>	<u>6,420</u>
Total license	<u>2,009,740</u>	<u>1,739,840</u>	<u>269,900</u>
Emergency communications:			
Salaries and wages	10,153,255	10,153,255	—
Other ordinary maintenance	964,840	779,443	185,397
Travel and training	70,850	45,226	25,624
Extraordinary expenditures	<u>25,600</u>	<u>22,342</u>	<u>3,258</u>
Total emergency communications	<u>11,214,545</u>	<u>11,000,266</u>	<u>214,279</u>
Total public safety	<u>195,647,500</u>	<u>192,395,267</u>	<u>3,252,233</u>
Community maintenance and development:			
Public works:			
Salaries and wages	41,503,785	41,503,781	4
Other ordinary maintenance	31,850,150	30,992,684	857,466
Travel and training	583,360	575,377	7,983
Extraordinary expenditures	<u>1,545,000</u>	<u>1,481,850</u>	<u>63,150</u>
Total public works	<u>75,482,295</u>	<u>74,553,692</u>	<u>928,603</u>

CITY OF CAMBRIDGE, MASSACHUSETTS

General Fund

Schedule of Expenditures – Budgetary Basis

Year ended June 30, 2025

	Budget	Actual	Variance positive (negative)
Community development:			
Salaries and wages	\$ 9,091,712	8,601,975	489,737
Other ordinary maintenance	1,769,563	1,735,346	34,217
Travel and training	47,946	26,053	21,893
Total community development	<u>10,909,221</u>	<u>10,363,374</u>	<u>545,847</u>
Historical commission:			
Salaries and wages	1,034,510	1,023,132	11,378
Other ordinary maintenance	59,300	32,542	26,758
Travel and training	2,500	335	2,165
Total historical commission	<u>1,096,310</u>	<u>1,056,009</u>	<u>40,301</u>
Peace commission:			
Salaries and wages	264,830	264,827	3
Other ordinary maintenance	9,125	6,654	2,471
Travel and training	3,050	1,030	2,020
Total peace commission	<u>277,005</u>	<u>272,511</u>	<u>4,494</u>
Cable television:			
Salaries and wages	782,040	632,433	149,607
Other ordinary maintenance	1,095,475	981,121	114,354
Travel and training	3,450	0	3,450
Total cable television	<u>1,880,965</u>	<u>1,613,554</u>	<u>267,411</u>
Facilities department:			
Salaries and wages	1,832,660	1,107,960	724,700
Other ordinary maintenance	10,000	7,000	3,000
Travel and training	30,000	9,344	20,656
Total facilities department	<u>1,872,660</u>	<u>1,124,304</u>	<u>748,356</u>
Office of sustainability:			
Salaries and wages	1,672,665	1,659,237	13,428
Other ordinary maintenance	1,461,010	1,153,924	307,086
Travel and training	10,000	8,546	1,454
Total office of sustainability	<u>3,143,675</u>	<u>2,821,707</u>	<u>321,968</u>
Housing department:			
Salaries and wages	2,617,175	2,467,120	150,055
Other ordinary maintenance	25,129,700	24,779,979	349,721
Travel and training	1,125	—	1,125
Total housing department	<u>27,748,000</u>	<u>27,247,099</u>	<u>500,901</u>
Total community maintenance and development	<u>122,410,131</u>	<u>119,052,250</u>	<u>3,357,881</u>

CITY OF CAMBRIDGE, MASSACHUSETTS

General Fund

Schedule of Expenditures – Budgetary Basis

Year ended June 30, 2025

	<u>Budget</u>	<u>Actual</u>	<u>Variance positive (negative)</u>
Human resource development:			
Library:			
Salaries and wages	\$ 14,853,465	14,818,484	34,981
Other ordinary maintenance	4,400,800	4,393,708	7,092
Travel and training	<u>137,150</u>	<u>120,790</u>	<u>16,360</u>
Total library	<u>19,391,415</u>	<u>19,332,982</u>	<u>58,433</u>
Human services:			
Salaries and wages	47,139,808	44,442,385	2,697,423
Other ordinary maintenance	26,148,507	22,875,803	3,272,704
Travel and training	133,690	99,106	34,584
Extraordinary expenditures	<u>40,000</u>	<u>40,000</u>	<u>—</u>
Total human services	<u>73,462,005</u>	<u>67,457,294</u>	<u>6,004,711</u>
Women's commission:			
Salaries and wages	476,000	475,997	3
Other ordinary maintenance	17,545	17,504	41
Travel and training	<u>525</u>	<u>266</u>	<u>259</u>
Total women's commission	<u>494,070</u>	<u>493,767</u>	<u>303</u>
Human rights commission:			
Salaries and wages	790,755	790,751	4
Other ordinary maintenance	83,020	81,812	1,208
Travel and training	<u>7,400</u>	<u>5,448</u>	<u>1,952</u>
Total human rights commission	<u>881,175</u>	<u>878,011</u>	<u>3,164</u>
Veterans benefits:			
Salaries and wages	773,405	773,404	1
Other ordinary maintenance	114,735	114,430	305
Travel and training	<u>492,400</u>	<u>358,269</u>	<u>134,131</u>
Total veterans benefits	<u>1,380,540</u>	<u>1,246,103</u>	<u>134,437</u>
Total human resource development	<u>95,609,205</u>	<u>89,408,157</u>	<u>6,201,048</u>

CITY OF CAMBRIDGE, MASSACHUSETTS

General Fund

Schedule of Expenditures – Budgetary Basis

Year ended June 30, 2025

	<u>Budget</u>	<u>Actual</u>	<u>Variance positive (negative)</u>
Education:			
Salaries and wages	\$ 224,750,000	224,746,729	3,271
Other ordinary maintenance	41,355,325	41,289,776	65,549
Travel and training	1,969,675	1,914,204	55,471
Extraordinary expenditures	175,000	32,948	142,052
Total education	<u>268,250,000</u>	<u>267,983,657</u>	<u>266,343</u>
Judgments and claims	890,000	837,914	52,086
Debt retirement:			
Principal payments	75,334,330	75,334,330	—
Interest payments	26,555,950	26,274,881	281,069
Total debt retirement	<u>101,890,280</u>	<u>101,609,211</u>	<u>281,069</u>
State and district assessments:			
MBTA assessment	11,835,255	11,815,248	20,007
MWRA assessment	31,600,985	31,407,738	193,247
Other State assessments	22,339,975	21,308,930	1,031,045
Cambridge Health Alliance	8,671,170	8,671,166	4
Total state and district assessments	<u>74,447,385</u>	<u>73,203,082</u>	<u>1,244,303</u>
Total general fund expenditures	<u>\$ 930,615,875</u>	<u>909,724,065</u>	<u>20,891,810</u>

See accompanying independent auditors' report.

CITY OF CAMBRIDGE, MASSACHUSETTS

Supplemental Statements and Schedules

June 30, 2025

The following section provides detailed information on the general fund, other governmental funds, and fiduciary funds included in the basic financial statements. Information on real, personal, and excise tax collections, and a schedule of the bonds and notes payable of the City is also provided in this section.

CITY OF CAMBRIDGE, MASSACHUSETTS

Other Governmental Funds

June 30, 2025

Other Governmental 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.

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.

Community Preservation Act

Receipts from added 3% tax and the matching funds from the State for the preservation of open space, historic locations and affordable housing are recorded in this fund. In a similar manner to the parking fund, an amount equal to the amount appropriated to the capital projects and other grants funds, is transferred to those funds at the end of the fiscal year.

Aggregation Adder Fund

Consumers participating in the City's municipal energy aggregation plan are charged an operational adder of \$.002 per kWh consumed. The operational adder funds are used to support the operational costs of the program and to support renewable energy projects that create benefits for program participants. The Revolving Fund was established under and governed by M.G.L. Chapter 44, 53E ½.

Opioid Settlement Fund

This fund accounts for both the receipt and expenditure of funds received from opioid settlements.

CITY OF CAMBRIDGE, MASSACHUSETTS

Combining Balance Sheet

Other Governmental Funds

June 30, 2025

Assets	Special revenue					Total	
	Community development block grant	School grants	Parking fund	Community preservation act	Aggregation Adder fund		Opioid Settlement fund
Cash and short-term investments	\$ 628,523	8,728,498	6,643,287	25,994,495	3,982,109	3,109,574	49,086,486
Accounts receivable	—	—	166,412	157,031	—	—	323,443
Intergovernmental receivable	1,365	741,970	—	—	—	—	743,335
Total assets	\$ 629,888	9,470,468	6,809,699	26,151,526	3,982,109	3,109,574	50,153,264
Liabilities, Deferred Inflows of Resources and Fund Balances							
Liabilities:							
Warrants payable	\$ 53,235	1,426,520	—	98,638	—	49,400	1,627,793
Accrued liabilities	6,684	192,195	1,015	115,386	—	—	315,280
Due to other funds	569,969	—	—	—	—	—	569,969
Total liabilities	629,888	1,618,715	1,015	214,024	—	49,400	2,513,042
Deferred inflows of resources:							
Unavailable revenue	—	—	—	157,031	—	—	157,031
Fund balances:							
Restricted	—	7,851,753	—	25,780,471	3,982,109	3,060,174	40,674,507
Committed	—	—	6,808,684	—	—	—	6,808,684
Total fund balances	—	7,851,753	6,808,684	25,780,471	3,982,109	3,060,174	47,483,191
Total liabilities, deferred inflows of resources, and fund balances	\$ 629,888	9,470,468	6,809,699	26,151,526	3,982,109	3,109,574	50,153,264

See accompanying independent auditors' report.

CITY OF CAMBRIDGE, MASSACHUSETTS

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

Other Governmental Funds

Year ended June 30, 2025

	Special revenue						Total
	Community development block grant	School grants	Parking fund	Community preservation act	Aggregation Adder fund	Opioid Settlement fund	
Revenues:							
Intergovernmental	\$ 819,916	22,359,117	557,223	2,958,290	—	—	26,694,546
Investment income	—	—	254,344	558,622	7,967	—	820,933
Other:							
Permits	—	—	—	—	—	—	—
Fines	—	—	—	—	—	—	—
Charges for services	—	—	—	—	—	—	—
Miscellaneous	—	1,188,903	24,081,514	17,576,153	662,808	1,094,578	44,603,956
Total revenues	819,916	23,548,020	24,893,081	21,093,065	670,775	1,094,578	72,119,435
Expenditures:							
General government	—	—	—	10,000	—	—	10,000
Community maintenance and development	470,116	—	—	3,933,218	—	—	4,403,334
Human services	378,371	—	—	—	—	436,923	815,294
Education	—	21,292,278	—	—	—	—	21,292,278
Total expenditures	848,487	21,292,278	—	3,943,218	—	436,923	26,520,906
Excess (deficiency) of revenues over expenditures	(28,571)	2,255,742	24,893,081	17,149,847	670,775	657,655	45,598,529
Other financing sources (uses):							
Transfers from other funds	28,571	—	1,146,024	—	—	—	1,174,595
Transfers to other funds	—	—	(22,368,045)	(17,040,000)	—	—	(39,408,045)
Excess (deficiency) of revenues over expenditures and transfers	—	2,255,742	3,671,060	109,847	670,775	657,655	7,365,079
Fund balances at beginning of year	—	5,596,011	3,137,624	25,670,624	3,311,334	2,402,519	40,118,112
Fund balances at end of year	\$ —	7,851,753	6,808,684	25,780,471	3,982,109	3,060,174	47,483,191

See accompanying independent auditors' report.

CITY OF CAMBRIDGE, MASSACHUSETTS

Supplemental Statements and Schedules

June 30, 2025

Fiduciary Funds

Pension (and Other Employee Benefit) Trust Funds:

Pension Trust Fund

This pension trust fund accounts for the activities of the City of Cambridge Retirement Systems, which accumulates resources for pension benefits payments to retired City employees and employees of certain other entities.

OPEB Trust Fund

This trust fund is an irrevocable trust fund established to accumulate resources for other postemployment benefit payments to retired City employees. The assets are appropriated from the General Fund and this fund is currently not used for payments of benefits.

Private Purpose Trust Funds

Cemetery Trust Fund

This trust fund accounts for the activities related to the perpetual care of the City's cemetery.

Mayor's Disaster Relief Fund

The purpose of the Fund is to provide financial assistance to Cambridge residents who become victims of catastrophic fires and other natural disasters. The source of funding is private donations.

Other

The primary purpose of this fund is to provide scholarships to students of Cambridge schools.

CITY OF CAMBRIDGE, MASSACHUSETTS
Combining Statement of Net Position - Fiduciary Funds
June 30, 2025

Assets	Pension and OPEB Trust Funds			Private purpose trust funds			
	Employee retirement plan December 31, 2024	OPEB Trust fund June 30, 2025	Total	Cemetery trust June 30, 2025	Mayor's disaster relief June 30, 2025	Other June 30, 2025	Total
	2024	June 30, 2025	Total	June 30, 2025	June 30, 2025	June 30, 2025	Total
Cash and cash equivalents	\$ 5,691,665	142,747	5,834,412	2,712,723	228,498	2,182,329	5,123,550
Dividend and interest receivable	1,183,824	—	1,183,824	—	—	—	—
Lease receivable	205,505	—	205,505	—	—	—	—
Other assets	432,860	—	432,860	—	—	—	—
Due from broker for securities sold	2,752	—	2,752	—	—	—	—
Investments, at fair value:							
Fixed income securities	140,343,748	—	140,343,748	—	—	—	—
Equities	21,906,127	—	21,906,127	—	—	—	—
Pooled investments:							
Fixed income	163,617,099	15,864,958	179,482,057	—	—	—	—
Real estate	311,019,121	28,406,184	339,425,305	—	—	—	—
Domestic equities	566,348,367	—	566,348,367	—	—	—	—
International equities	319,576,799	—	319,576,799	—	—	—	—
International fixed income	50,995,616	—	50,995,616	—	—	—	—
Alternative	350,609,392	—	350,609,392	—	—	—	—
Total investments	1,924,416,269	44,271,142	1,968,687,411	—	—	—	—
Cash collateral on security lending	1,180,923	—	1,180,923	—	—	—	—
Right to use assets	1,437,524	—	1,437,524	—	—	—	—
Total assets	<u>\$ 1,934,551,322</u>	<u>44,413,889</u>	<u>1,978,965,211</u>	<u>2,712,723</u>	<u>228,498</u>	<u>2,182,329</u>	<u>5,123,550</u>
Liabilities							
Accrued liabilities	\$ 1,381,615	—	1,381,615	—	—	—	—
Cash collateral on security lending	1,180,923	—	1,180,923	—	—	—	—
Lease liability	1,695,318	—	1,695,318	—	—	—	—
Total liabilities	<u>\$ 4,257,856</u>	<u>—</u>	<u>4,257,856</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Deferred inflows of resources							
Related to rent	\$ 174,532	—	174,532	—	—	—	—
Total liabilities and deferred inflows of resources	<u>\$ 4,432,388</u>	<u>—</u>	<u>4,432,388</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Net Position							
Restricted for:							
Pensions	\$ 1,930,118,923	—	1,930,118,923	—	—	—	—
OPEB Benefits	—	44,413,889	44,413,889	—	—	—	—
Individuals, organizations and other governments	—	—	—	2,712,723	228,498	2,182,329	5,123,550
Total net position	<u>\$ 1,930,118,923</u>	<u>44,413,889</u>	<u>1,974,532,812</u>	<u>2,712,723</u>	<u>228,498</u>	<u>2,182,329</u>	<u>5,123,550</u>

See independent auditors' report

CITY OF CAMBRIDGE, MASSACHUSETTS

Combining Statement of Changes in Net Position - Fiduciary Funds

Year ended June 30, 2025

	<u>Pension and OPEB Trust Funds</u>			<u>Private purpose trust funds</u>			
	<u>Employee retirement plan December 31, 2024</u>	<u>OPEB Trust fund June 30, 2025</u>	<u>Total</u>	<u>Cemetery trust June 30, 2025</u>	<u>Mayor's disaster relief June 30, 2025</u>	<u>Other June 30, 2025</u>	<u>Total</u>
Additions:							
Contributions:							
Employers	\$ 78,816,418	30,930,766	109,747,184	—	—	—	—
Nonemployer – City	—	—	—	—	—	—	—
Plan members	29,681,705	—	29,681,705	—	—	—	—
Other systems	4,804,184	—	4,804,184	—	—	—	—
Commonwealth of Massachusetts	221,451	—	221,451	—	—	—	—
Gifts and bequests	—	—	—	28,300	—	211,008	239,308
Miscellaneous	—	—	—	—	1,044	—	1,044
Total contributions	<u>113,523,758</u>	<u>30,930,766</u>	<u>144,454,524</u>	<u>28,300</u>	<u>1,044</u>	<u>211,008</u>	<u>240,352</u>
Investment earnings:							
Interest and dividends	30,538,498	1,280,575	31,819,073	166,670	2,177	33,695	202,542
Securities lending income	70,992	—	70,992	—	—	—	—
Net appreciation (depreciation) in the fair value of investments	140,734,372	1,528,099	142,262,471	—	—	—	—
Less:							
Management fees	(9,499,572)	—	(9,499,572)	—	—	—	—
Borrower rebates and fees under securities lending program	(64,498)	—	(64,498)	—	—	—	—
Net investment earnings	<u>161,779,792</u>	<u>2,808,674</u>	<u>164,588,466</u>	<u>166,670</u>	<u>2,177</u>	<u>33,695</u>	<u>202,542</u>
Total additions	<u>275,303,550</u>	<u>33,739,440</u>	<u>309,042,990</u>	<u>194,970</u>	<u>3,221</u>	<u>244,703</u>	<u>442,894</u>
Deductions:							
Benefits	112,213,893	28,930,766	141,144,659	—	—	—	—
Refunds of contributions	2,560,333	—	2,560,333	—	—	—	—
Other systems	4,211,377	—	4,211,377	—	—	—	—
Administrative expenses	1,469,981	67,353	1,537,334	—	—	—	—
Beneficiary payments to individuals	—	—	—	—	—	291,625	291,625
Miscellaneous	—	—	—	40,000	39,600	—	79,600
Total deductions	<u>120,455,584</u>	<u>28,998,119</u>	<u>149,453,703</u>	<u>40,000</u>	<u>39,600</u>	<u>291,625</u>	<u>371,225</u>
Change in net position	154,847,966	4,741,321	159,589,287	154,970	(36,379)	(46,922)	71,669
Net position, beginning of year	<u>1,775,270,957</u>	<u>39,672,568</u>	<u>1,814,943,525</u>	<u>2,557,753</u>	<u>264,877</u>	<u>2,229,251</u>	<u>5,051,881</u>
Net position, end of year	\$ <u>1,930,118,923</u>	<u>44,413,889</u>	<u>1,974,532,812</u>	<u>2,712,723</u>	<u>228,498</u>	<u>2,182,329</u>	<u>5,123,550</u>

See independent auditors' report

CITY OF CAMBRIDGE, MASSACHUSETTS

Supplemental Statements and Schedules

June 30, 2025

Other Schedules

The following schedules present detailed information on the City's real estate, personal property and motor vehicle excise taxes, and bonds and notes payable, as of June 30, 2025.

See accompanying independent auditors' report.

CITY OF CAMBRIDGE, MASSACHUSETTS

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

June 30, 2025

	Uncollected June 30, 2024	Commitments	Abatements	Transfers to tax title	Refunds	Collections	Adjustments increase (decrease)	Uncollected June 30, 2025
Real estate taxes:								
2017	\$ 5,032	—	—	—	—	—	—	5,032
2020	11,682	—	—	—	—	—	—	11,682
2021	12,219	—	—	—	—	—	—	12,219
2022	271	—	(68,467)	—	392,269	(324,073)	—	—
2023	341,748	—	(67,611)	—	304,971	(348,861)	(230,247)	—
2024	4,285,219	—	(213,405)	—	298,377	(3,554,024)	(18,664)	797,503
2025	—	602,339,895	(1,309,022)	—	789,057	(597,871,922)	208,462	4,156,470
Sub total real estate	\$ 4,656,171	602,339,895	(1,658,505)	—	1,784,674	(602,098,880)	(40,449)	4,982,906

Years with no beginning uncollected balances or activity are not presented.

CITY OF CAMBRIDGE, MASSACHUSETTS

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

June 30, 2025

	Uncollected June 30, 2024	Commitments	Abatements	Transfers to tax title	Refunds	Collections	Adjustments increase (decrease)	Uncollected June 30, 2025
Personal property taxes:								
2003	\$ 2,947	—	—	—	—	—	—	2,947
2004	3,484	—	—	—	—	—	—	3,484
2005	6,158	—	—	—	—	—	—	6,158
2006	3,009	—	—	—	—	—	—	3,009
2007	7,700	—	—	—	—	—	—	7,700
2008	7,844	—	—	—	—	—	—	7,844
2009	9,138	—	—	—	—	—	—	9,138
2010	10,554	—	—	—	—	—	—	10,554
2011	15,526	—	—	—	—	—	—	15,526
2012	20,122	—	—	—	—	—	—	20,122
2013	17,035	—	—	—	—	—	—	17,035
2014	22,522	—	—	—	—	—	—	22,522
2015	30,913	—	—	—	—	—	—	30,913
2016	152,471	—	—	—	—	(474)	—	151,997
2017	223,245	—	—	—	—	(334)	—	222,911
2018	241,215	—	—	—	—	(162)	—	241,053
2019	270,197	—	—	—	—	(552)	—	269,645
2020	412,949	—	—	—	—	(1,935)	(1,683)	409,331
2021	457,773	—	—	—	—	(10,689)	(4,270)	442,814
2022	771,722	—	—	—	—	(262,299)	3	509,426
2023	1,072,968	—	—	—	—	(676,630)	295,117	691,455
2024	2,350,769	—	—	—	8,519	(1,408,865)	351,393	1,301,816
2025	—	29,228,340	(1,026)	—	60,318	(28,182,323)	(338,556)	766,753
Sub total personal property	6,110,261	29,228,340	(1,026)	—	68,837	(30,544,263)	302,004	5,164,153
Other	227,784	—	—	—	—	—	10,559	238,343
Total Property Taxes	\$ 10,994,216	631,568,235	(1,659,531)	—	1,853,511	(632,643,143)	272,114	10,385,402

Years with no beginning uncollected balances or activity are not presented.

CITY OF CAMBRIDGE, MASSACHUSETTS

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

June 30, 2025

	Uncollected June 30, 2024	Commitments	Abatements	Transfers to tax title	Refunds	Collections	Adjustments increase (decrease)	Uncollected June 30, 2025
Motor vehicle excise taxes:								
1986	\$ 2,643	—	—	—	—	—	—	2,643
1987	57,217	—	—	—	—	—	—	57,217
1988	71,208	—	—	—	—	—	—	71,208
1989	75,893	—	—	—	—	—	—	75,893
1990	67,620	—	—	—	—	—	—	67,620
1991	50,782	—	—	—	—	—	—	50,782
1992	51,253	—	—	—	—	—	—	51,253
1993	48,542	—	—	—	—	—	—	48,542
1994	51,390	—	—	—	—	—	—	51,390
1995	55,723	—	—	—	—	—	—	55,723
1996	55,105	—	—	—	—	—	—	55,105
1997	46,812	—	—	—	—	—	—	46,812
1998	61,354	—	—	—	—	—	—	61,354
1999	107,848	—	—	—	—	—	—	107,848
2000	167,584	—	—	—	—	—	—	167,584
2001	209,799	—	—	—	—	—	—	209,799
2002	190,287	—	—	—	—	(21)	—	190,266
2003	169,121	—	—	—	—	—	—	169,121
2004	139,917	—	—	—	—	—	—	139,917
2005	112,726	—	—	—	—	—	—	112,726
2006	99,725	—	—	—	—	—	(1)	99,724
2007	131,863	—	—	—	—	(186)	—	131,677
2008	112,078	—	(55)	—	—	(864)	—	111,159
2009	93,812	—	—	—	—	(669)	—	93,143
2010	107,950	—	—	—	—	(458)	—	107,492
2011	108,993	—	—	—	—	(370)	—	108,623
2012	100,007	—	—	—	—	(124)	(10)	99,873
2013	94,515	—	—	—	—	(226)	—	94,289
2014	100,174	—	—	—	—	(73)	(22)	100,079
2015	100,757	—	—	—	—	(397)	(77)	100,283
2016	105,152	—	(64)	—	64	(1,737)	(7)	103,408
2017	102,622	—	(436)	—	811	(940)	(45)	102,012
2018	107,941	—	(156)	—	605	(1,620)	(8)	106,762
2019	135,484	—	—	—	931	(4,661)	(12)	131,742
2020	136,275	—	(1,317)	—	5,080	(12,604)	(16)	127,418
2021	137,896	—	(344)	—	1,202	(25,061)	(26)	113,667
2022	226,338	—	(4,744)	—	10,740	(63,038)	(38)	169,258
2023	403,872	—	(10,537)	—	48,061	(162,219)	32	279,209
2024	835,578	891,067	(98,167)	—	105,252	(1,263,417)	(475)	469,838
2025	—	8,186,354	(141,219)	—	47,907	(6,741,447)	(676)	1,350,919
Total motor vehicle	\$ 5,033,856	9,077,421	(257,039)	—	220,653	(8,280,132)	(1,381)	5,793,378

Years with no beginning uncollected balances or activity are not presented.

See accompanying independent auditors' report.

CITY OF CAMBRIDGE, MASSACHUSETTS

Schedule of Bonds and Notes Payable

Year ended June 30, 2025

	Interest rates	Issue dates	Final maturity date	Balance June 30, 2024	Additions	Retired	Balance June 30, 2025
Inside debt limit:							
Old Police Station Renovations	2.00%–3.00%	2/15/2012	2/15/2032	4,200,000	—	525,000	3,675,000
King School Renovations	2.00%–3.00%	2/19/2013	2/15/2033	14,850,000	—	1,650,000	13,200,000
Old Police Station Renovations	2.00%–3.00%	2/19/2013	2/15/2033	1,815,000	—	205,000	1,610,000
King School Renovations	3.00%–5.00%	2/18/2014	2/15/2034	9,250,000	—	925,000	8,325,000
MCWT Loan (CWP-13-03)	2.00%	1/7/2015	1/15/2025	1,443,785	—	1,443,785	—
King School Renovations	2.00%–5.00%	3/3/2015	2/15/2035	22,550,000	—	2,050,000	20,500,000
344 Broadway Building Renovations (Comprehensive)	2.00%–5.00%	3/3/2015	2/15/2025	150,000	—	150,000	—
School Building Renovations	2.00%–5.00%	3/3/2015	2/15/2025	75,000	—	75,000	—
Kendall Square Surface Improvements	2.00%–5.00%	3/3/2015	2/15/2025	400,000	—	400,000	—
Cambridge Common Improvements	2.00%–5.00%	3/3/2015	2/15/2025	115,000	—	115,000	—
Danehy Park Improvements	2.00%–5.00%	3/3/2015	2/15/2025	115,000	—	115,000	—
Street/Sidewalk Reconstruction	2.00%–5.00%	3/3/2015	2/15/2025	100,000	—	100,000	—
Golf Course Improvements	2.00%–5.00%	3/3/2015	2/15/2025	55,000	—	55,000	—
Sewer Reconstruction	2.00%–5.00%	3/3/2015	2/15/2025	2,315,000	—	2,315,000	—
Refunding Bonds (2005, 2006, 2007 and 2008)	2.00%–4.00%	3/4/2015	1/1/2028	15,695,000	—	5,775,000	9,920,000
School Building Renovations (Kennedy Longfellow Roof)	2.00%–4.00%	3/1/2016	2/15/2026	500,000	—	250,000	250,000
King Open and Cambridge St. Upper School and Community Complex	2.00%–4.00%	3/1/2016	2/15/2036	6,600,000	—	550,000	6,050,000
Building Renovations (344 Broadway and Comprehensive)	2.00%–4.00%	3/1/2016	2/15/2026	700,000	—	350,000	350,000
Street/Sidewalk Reconstruction	2.00%–4.00%	3/1/2016	2/15/2026	800,000	—	400,000	400,000
Harvard Square Reconstruction	2.00%–4.00%	3/1/2016	2/15/2026	100,000	—	50,000	50,000
Sewer Reconstruction	2.00%–4.00%	3/1/2016	2/15/2026	2,540,000	—	1,270,000	1,270,000
MCWT Loan (CWP-13-03-A)	2.00%	2/11/2016	1/15/2026	3,045,833	—	1,506,545	1,539,288
Building Renovation/Energy Improvements	3.00%–5.00%	3/1/2017	2/15/2027	695,000	—	235,000	460,000
Kennedy School Roof Replacement	3.00%–5.00%	3/1/2017	2/15/2027	615,000	—	205,000	410,000
King Open and Cambridge St. Upper School and Community Complex	3.00%–5.00%	3/1/2017	2/15/2037	12,910,000	—	995,000	11,915,000
School Building Roof Repairs	3.00%–5.00%	3/1/2017	2/15/2027	690,000	—	230,000	460,000
School Boiler Maintenance	3.00%–5.00%	3/1/2017	2/15/2027	135,000	—	45,000	90,000
Comprehensive Facilities Improvements Plan	3.00%–5.00%	3/1/2017	2/15/2027	1,395,000	—	465,000	930,000
Cambridge Common Improvements	3.00%–5.00%	3/1/2017	2/15/2027	135,000	—	45,000	90,000
Harvard Square Surface Reconstruction	3.00%–5.00%	3/1/2017	2/15/2027	975,000	—	325,000	650,000
Street/Sidewalk Reconstruction	3.00%–5.00%	3/1/2017	2/15/2027	555,000	—	185,000	370,000
Sewer Reconstruction	3.00%–5.00%	3/1/2017	2/15/2027	6,285,000	—	2,100,000	4,185,000
Library Construction (Refunding)	4.00%	6/12/2017	2/15/2029	2,395,000	—	485,000	1,910,000
CRLS Renovations (Refunding)	4.00%	6/12/2017	2/15/2029	6,845,000	—	1,385,000	5,460,000
King Open and Cambridge St Upper School and Community Complex	3.0%–5.0%	3/1/2018	2/15/2038	41,370,000	—	2,955,000	38,415,000
Municipal Facilities Improvement Plan	4.3%–5.0%	3/1/2018	2/15/2028	1,760,000	—	440,000	1,320,000
Fletcher Maynard Academy Roof	4.3%–5.0%	3/1/2018	2/15/2028	520,000	—	130,000	390,000
School Boiler Maintenance	4.3%–5.0%	3/1/2018	2/15/2028	170,000	—	45,000	125,000
Street / Sidewalk Reconstruction	4.3%–5.0%	3/1/2018	2/15/2028	1,400,000	—	350,000	1,050,000
Sewer Reconstruction	4.3%–5.0%	3/1/2018	2/15/2028	5,810,000	—	1,460,000	4,350,000
King Open and Cambridge St Upper School and Community Complex	3.00%–5.00%	3/6/2019	2/15/2039	34,380,000	—	2,295,000	32,085,000
Municipal Facilities Improvement Plan	5.0%	3/6/2019	2/15/2029	2,150,000	—	430,000	1,720,000
School Boiler Maintenance	5.0%	3/6/2019	2/15/2029	275,000	—	55,000	220,000
School Boiler Maintenance	5.0%	3/6/2019	2/15/2029	250,000	—	50,000	200,000
Harvard Square Kiosk	5.0%	3/6/2019	2/15/2029	425,000	—	85,000	340,000
Street/Sidewalk Reconstruction	5.0%	3/6/2019	2/15/2029	1,295,000	—	260,000	1,035,000
Riverside Reconstruction	5.0%	3/6/2019	2/15/2029	1,295,000	—	260,000	1,035,000
Sewer Reconstruction	5.0%	3/6/2019	2/15/2029	7,030,000	—	1,410,000	5,620,000
MWRA Bond	—%	3/7/2019	2/15/2030	1,722,197	—	419,000	1,303,197

CITY OF CAMBRIDGE, MASSACHUSETTS

Schedule of Bonds and Notes Payable

Year ended June 30, 2025

	Interest rates	Issue dates	Final maturity date	Balance June 30, 2024	Additions	Retired	Balance June 30, 2025
King Open and Cambridge St. Upper School and Community Complex	2.00%-5.00%	3/5/2020	2/15/2040	7,040,000	—	440,000	6,600,000
City Hall Improvements (Construction)	5.0 %	3/5/2020	2/15/2030	480,000	—	80,000	400,000
Tobin School (Design)	5.0 %	3/5/2020	2/15/2025	1,785,000	—	1,785,000	—
School Building Upgrades	5.0 %	3/5/2020	2/15/2025	140,000	—	140,000	—
Municipal Facilities Improvement Plan	5.0 %	3/5/2020	2/15/2025	535,000	—	535,000	—
Harvard Square Kiosk	5.0 %	3/5/2020	2/15/2030	985,000	—	165,000	820,000
Street/Sidewalk Reconstruction	5.0 %	3/5/2020	2/15/2030	1,970,000	—	330,000	1,640,000
Riverside Reconstruction	5.0 %	3/5/2020	2/15/2030	985,000	—	165,000	820,000
Sewer Reconstruction	5.0 %	3/5/2020	2/15/2030	10,255,000	—	1,715,000	8,540,000
City Hall Improvements (Construction)	5.0 %	3/3/2021	2/15/2031	5,175,000	—	740,000	4,435,000
Tobin School (Design)	2.00%-5.00%	3/3/2021	2/15/2041	9,860,000	—	580,000	9,280,000
School Buildings Upgrades	5.0 %	3/3/2021	2/15/2031	1,010,000	—	155,000	855,000
Municipal Facilities Improvement Plan	5.0 %	3/3/2021	2/15/2031	8,620,000	—	1,235,000	7,385,000
River St. Firehouse Construction Improvements	5.0 %	3/3/2021	2/15/2031	2,870,000	—	410,000	2,460,000
Lexington Ave Firehouse Construction Improvements	5.0 %	3/3/2021	2/15/2031	2,300,000	—	330,000	1,970,000
Refunding (CRLS & Old Police Station 2010-2011)	5.0 %	3/3/2021	2/15/2031	12,095,000	—	1,885,000	10,210,000
Harvard Square Kiosk Infrastructure Improvements	5.0 %	3/3/2021	2/15/2031	570,000	—	85,000	485,000
Harvard Square Kiosk Surface Enhancement	5.0 %	3/3/2021	2/15/2031	860,000	—	125,000	735,000
Street/Sidewalk Reconstruction	5.0 %	3/3/2021	2/15/2031	2,870,000	—	410,000	2,460,000
Riverside Reconstruction	5.0 %	3/3/2021	2/15/2031	4,025,000	—	575,000	3,450,000
Sewer Reconstruction	5.0 %	3/3/2021	2/15/2031	12,850,000	—	1,845,000	11,005,000
Tobin School (Construction)	2.25-5.0%	3/2/2022	2/15/2042	47,370,000	—	2,635,000	44,735,000
Municipal Facilities Improvement Plan (FY22)	5.0 %	3/2/2022	2/15/2032	3,290,000	—	475,000	2,815,000
School Buildings Upgrades (FY22)	5.0 %	3/2/2022	2/15/2032	1,195,000	—	170,000	1,025,000
Municipal Facilities Improvement Plan - Lafayette St. Fire	5.0 %	3/2/2022	2/15/2027	540,000	—	180,000	360,000
Fire Headquarters Construction	5.0 %	3/2/2022	2/15/2032	2,705,000	—	340,000	2,365,000
Riverside Reconstruction	5.0 %	3/2/2022	2/15/2032	2,030,000	—	255,000	1,775,000
Street/Sidewalk Reconstruction	5.0 %	3/2/2022	2/15/2032	3,375,000	—	425,000	2,950,000
Sewer Reconstruction	5.0 %	3/2/2022	2/15/2032	9,800,000	—	1,230,000	8,570,000
Fire Headquarters Construction	5.0 %	3/1/2023	2/15/2033	1,610,000	—	180,000	1,430,000
Tobin School (Construction)	4.0%-5.0%	3/1/2023	2/15/2043	40,935,000	—	2,155,000	38,780,000
Compete Streets/Sidewalk Reconstruction	5.0 %	3/1/2023	2/15/2033	1,615,000	—	180,000	1,435,000
East Grand Junction design	5.0 %	3/1/2023	2/15/2033	405,000	—	45,000	360,000
Riverside Reconstruction	5.0 %	3/1/2023	2/15/2033	2,415,000	—	270,000	2,145,000
Sewer Reconstruction	5.0 %	3/1/2023	2/15/2033	30,710,000	—	3,425,000	27,285,000
Fire Headquarters Construction	5.0 %	3/6/2024	2/15/2034	14,095,000	—	1,410,000	12,685,000
Fire Headquarters Construction	5.0 %	3/6/2024	2/15/2034	880,000	—	90,000	790,000
Tobin School (Construction)	4.0%-5.0%	3/6/2024	2/15/2044	80,830,000	—	4,045,000	76,785,000
Municipal Facilities Improvement Plan (FY23)	5.0 %	3/6/2024	2/15/2034	12,860,000	—	1,290,000	11,570,000
Municipal Facilities Improvement Plan (FY24)	5.0 %	3/6/2024	2/15/2034	8,330,000	—	835,000	7,495,000
School Facilities Improvement	5.0 %	3/6/2024	2/15/2034	1,145,000	—	120,000	1,025,000
Harvard Square Kiosk	5.0 %	3/6/2024	2/15/2034	2,205,000	—	225,000	1,980,000
Peabody/Raymond Playground	5.0 %	3/6/2024	2/15/2034	2,200,000	—	220,000	1,980,000
Linear Park	5.0 %	3/6/2024	2/15/2034	2,645,000	—	265,000	2,380,000
Bike Lanes - Mass Avenue	5.0 %	3/6/2024	2/15/2034	1,765,000	—	180,000	1,585,000
Complete Streets/Sidewalk Reconstruction FY23	5.0 %	3/6/2024	2/15/2034	7,050,000	—	705,000	6,345,000
Complete Streets/Sidewalk Reconstruction FY24	5.0 %	3/6/2024	2/15/2034	3,525,000	—	355,000	3,170,000
Central Square Street Reconstruction	5.0 %	3/6/2024	2/15/2034	2,645,000	—	265,000	2,380,000
Sewer Reconstruction	5.0 %	3/6/2024	2/15/2034	20,045,000	—	2,015,000	18,030,000
School Upgrades (2023)	5.0 %	3/5/2025	2/15/2035	—	1,610,000	—	1,610,000
School Upgrades (2024)	5.0 %	3/5/2025	2/15/2035	—	445,000	—	445,000
School Upgrades (2025)	5.0 %	3/5/2025	2/15/2035	—	2,290,000	—	2,290,000
Tobin School (Construction)	3.0-5.0	3/5/2025	2/15/2045	—	42,375,000	—	42,375,000
Tobin School (Construction)	3.0-5.0	3/5/2025	2/15/2045	—	26,970,000	—	26,970,000
Fire Headquarters Construction	5.0 %	3/5/2025	2/15/2035	—	26,825,000	—	26,825,000
Municipal Facilities Improvement Plan (FY24)	5.0 %	3/5/2025	2/15/2035	—	6,795,000	—	6,795,000
Beudo - MFIP	5.0 %	3/5/2025	2/15/2035	—	895,000	—	895,000
Deffered - MFIP	5.0 %	3/5/2025	2/15/2035	—	1,700,000	—	1,700,000
Muni Fleet - MFIP	5.0 %	3/5/2025	2/15/2035	—	895,000	—	895,000
CB - MFIP	5.0 %	3/5/2025	2/15/2035	—	315,000	—	315,000
Arts MFIP	5.0 %	3/5/2025	2/15/2035	—	90,000	—	90,000
Peabody/Raymond Playground	5.0 %	3/5/2025	2/15/2035	—	500,000	—	500,000
Rafferty Park	5.0 %	3/5/2025	2/15/2035	—	1,285,000	—	1,285,000
Linear Park	5.0 %	3/5/2025	2/15/2035	—	1,790,000	—	1,790,000
Bike Lanes - Mass Avenue	5.0 %	3/5/2025	2/15/2035	—	6,260,000	—	6,260,000
Complete Streets/Sidewalk Reconstruction FY25	5.0 %	3/5/2025	2/15/2035	—	4,470,000	—	4,470,000
Complete Streets/Sidewalk Reconstruction FY24	5.0 %	3/5/2025	2/15/2035	—	6,255,000	—	6,255,000
Sewer Reconstruction	5.0 %	3/5/2025	2/15/2035	—	17,885,000	—	17,885,000
Total inside debt limit				616,391,815	149,650,000	75,334,330	690,707,485
Outside debt limit:							
Water:							
Water Works Construction	5.0 %	3/5/2025	2/15/2035	—	2,995,000	—	2,995,000
Treatment Plant Equipment	5.0 %	3/5/2025	2/15/2035	—	180,000	—	180,000
Ozone Generator	5.0 %	3/5/2025	2/15/2030	—	465,000	—	465,000
Total outside debt limit				—	3,640,000	—	3,640,000
Total debt outstanding				\$ 616,391,815	153,290,000	75,334,330	694,347,485

See accompanying independent auditors' report.

Troutman Pepper Locke LLP
111 Huntington Avenue, 9th Floor
Boston, MA 02199-7613
www.troutman.com



(Date of Delivery)

Claire Spinner, City Treasurer
City of Cambridge
Cambridge, Massachusetts

\$144,420,000
City of Cambridge, Massachusetts
General Obligation Municipal Purpose Loan of 2026 Bonds
Dated March 18, 2026

We have acted as bond counsel to the City of Cambridge, Massachusetts (the “City”) in connection with the issuance by the City of the above-referenced bonds (the “Bonds”). In such capacity, we have examined the law and such certified proceedings and other papers as we have deemed necessary to render this opinion.

As to questions of fact material to our opinion we have relied upon representations and covenants of the City contained in the certified proceedings and other certifications of public officials furnished to us, without undertaking to verify the same by independent investigation.

Based on our examination, we are of the opinion, under existing law, as follows:

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

2. Interest on the Bonds is excluded from the gross income of the owners of the Bonds for federal income tax purposes. In addition, interest on the Bonds is not a specific preference item for purposes of the federal individual alternative minimum tax. However, interest on the Bonds will be included in the “adjusted financial statement income” of certain corporations that are subject to the alternative minimum tax under Section 55 of the Internal Revenue Code of 1986 (the “Code”). In rendering the opinions set forth in this paragraph, we have assumed compliance by the City with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, and continue to be, excluded from gross income for federal income tax purposes. The City has covenanted to comply with all such requirements. Failure by the City to comply with certain of such requirements may cause interest on the Bonds to become included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. We express no opinion regarding any other federal tax consequences arising with respect to the Bonds.

3. Interest on the Bonds is exempt from Massachusetts personal income taxes and the Bonds are exempt from Massachusetts personal property taxes. We express no opinion regarding any other Massachusetts tax consequences arising with respect to the Bonds or any tax consequences arising with respect to the Bonds under the laws of any state other than Massachusetts.

This opinion is expressed as of the date hereof, and we neither assume nor undertake any obligation to update, revise, supplement or restate this opinion to reflect any action taken or omitted, or any facts or circumstances or changes in law or in the interpretation thereof, that may hereafter arise or occur, or for any other reason.

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

TROUTMAN PEPPER LOCKE LLP

**PROPOSED FORM OF
CONTINUING DISCLOSURE CERTIFICATE**

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the City of Cambridge, Massachusetts (the “Issuer”) in connection with the issuance of its \$144,420,000 General Obligation Municipal Purpose Loan of 2026 Bonds dated March 18, 2026 (the “Bonds”). The Issuer covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the Owners of the Bonds and in order to assist the Participating Underwriters in complying with the Rule.

SECTION 2. Definitions. For purposes of this Disclosure Certificate the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“Listed Events” shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

“MSRB” shall mean the Municipal Securities Rulemaking Board as established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, or any successor thereto or to the functions of the MSRB contemplated by this Disclosure Certificate. Filing information relating to the MSRB is set forth in Exhibit A attached hereto.

“Obligated Person” shall mean the Issuer.

“Owners of the Bonds” shall mean the registered owners, including beneficial owners, of the Bonds.

“Participating Underwriter” shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“Rule” shall mean Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

SECTION 3. Provision of Annual Reports.

(a) The Issuer shall, not later than 270 days after the end of each fiscal year, provide to the MSRB an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Issuer may be submitted when available separately from the balance of the Annual Report.

(b) If the Issuer is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the Issuer shall send a notice to the MSRB in a timely manner, in substantially the form attached as Exhibit B.

SECTION 4. Content of Annual Reports. The Issuer's Annual Report shall contain or incorporate by reference the following:

(a) quantitative information for the preceding fiscal year of the type presented in the Issuer's Official Statement dated March 4, 2026 relating to the Bonds regarding (i) the revenues and expenditures of the Issuer relating to its operating budget, (ii) capital expenditures, (iii) fund balances, (iv) property tax information, (v) outstanding indebtedness and overlapping debt of the Issuer, (vi) pension obligations of the Issuer, and (vii) other post-employment benefits liability of the Issuer, and

(b) the most recently available audited financial statements of the Issuer, prepared in accordance with generally accepted accounting principles, with certain exceptions permitted by the Massachusetts Uniform Municipal Accounting System promulgated by the Department of Revenue of the Commonwealth. If audited financial statements for the preceding fiscal year are not available when the Annual Report is submitted, the Annual Report will include unaudited financial statements for the preceding fiscal year and audited financial statements for such fiscal year shall be submitted when available.

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the Issuer or related public entities, which (i) are available to the public on the MSRB internet website or (ii) have been filed with the Securities and Exchange Commission. The Issuer shall clearly identify each such other document so incorporated by reference.

SECTION 5. Reporting of Significant Events.

(a) The Issuer shall give notice, in accordance with the provisions of this Section 5, of the occurrence of any of the following events with respect to the Bonds:

1. Principal and interest payment delinquencies.
2. Non-payment related defaults, if material.
3. Unscheduled draws on debt service reserves reflecting financial difficulties.
4. Unscheduled draws on credit enhancements reflecting financial difficulties.
5. Substitution of credit or liquidity providers, or their failure to perform.
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds.

7. Modifications to rights of the Owners of the Bonds, if material.
 8. Bond calls, if material, and tender offers.
 9. Defeasances.
 10. Release, substitution or sale of property securing repayment of the Bonds, if material.
 11. Rating changes.
 12. Bankruptcy, insolvency, receivership or similar event of the Obligated Person.*
 13. The consummation of a merger, consolidation, or acquisition involving an Obligated Person or the sale of all or substantially all of the assets of the Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.
 14. Appointment of a successor or additional trustee or the change of name of a trustee, if material.
 15. Incurrence of a financial obligation of the Obligated Person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Obligated Person, any of which affect Owners of the Bonds, if material.†
 16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Obligated Person, any of which reflect financial difficulties.†
- (b) Upon the occurrence of a Listed Event, the Issuer shall, in a timely manner not in excess of ten (10) business days after the occurrence of the event, file a notice of such occurrence with the MSRB.

* As noted in the Rule, this event is considered to occur when any of the following occur: (i) the appointment of a receiver, fiscal agent or similar officer for the Obligated Person in a proceeding under the U.S. Bankruptcy Code or in any proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Obligated Person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or (ii) the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Obligated Person.

† For purposes of event numbers 15 and 16 in Section 5(a) of this Disclosure Certificate, the term “financial obligation” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “financial obligation” excludes municipal securities for which a final official statement has been provided to the MSRB consistent with the Rule.

SECTION 6. Transmission of Information and Notices. Unless otherwise required by law, all notices, documents and information provided to the MSRB shall be provided in electronic format as prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB.

SECTION 7. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Certificate shall terminate upon the payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the Issuer shall give notice of such termination in the same manner as for a Listed Event under Section 5(b).

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Issuer may amend this Disclosure Certificate and any provision of this Disclosure Certificate may be waived if such amendment or waiver is permitted by the Rule, as evidenced by an opinion of counsel expert in federal securities law (which may include bond counsel to the Issuer), to the effect that such amendment or waiver would not cause the Disclosure Certificate to violate the Rule. The first Annual Report filed after enactment of any amendment to or waiver of this Disclosure Certificate shall explain, in narrative form, the reasons for the amendment or waiver and the impact of the change in the type of information being provided in the Annual Report.

If the amendment provides for a change in the accounting principles to be followed in preparing financial statements, the Annual Report for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information in order to provide information to investors to enable them to evaluate the ability of the Issuer to meet its obligations. To the extent reasonably feasible, the comparison shall also be quantitative. A notice of the change in the accounting principles shall be sent to the MSRB.

SECTION 9. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate any Owner of the Bonds may seek a court order for specific performance by the Issuer of its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not constitute a default with respect to the Bonds, and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action for specific performance of the Issuer's obligations hereunder and not for money damages in any amount.

SECTION 10. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Owners of the Bonds from time to time, and shall create no rights in any other person or entity.

Date: March 18, 2026

CITY OF CAMBRIDGE,
MASSACHUSETTS

By _____
City Treasurer

City Manager

City Auditor

[EXHIBIT A: Filing Information for the MSRB]
[EXHIBIT B: Form of Notice of Failure to File Annual Report]

CITY OF CAMBRIDGE, MASSACHUSETTS
GENERAL OBLIGATION MUNICIPAL PURPOSE LOAN OF 2026 BONDS

Summary of Bonds Refunded

The following is a list of obligations to be refunded with a portion of the proceeds of the Bonds. Each refunding is contingent upon delivery of the Bonds.

<u>Issue</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Par Amount</u>	<u>Call Date</u>	<u>Call Price</u>	<u>CUSIP #</u>
February 15, 2012	2/15/2027	2.500%	\$ 525,000	4/22/2026	100%	132285 R66
	2/15/2028	2.500%	525,000	4/22/2026	100%	132285 R74
	2/15/2029	2.750%	525,000	4/22/2026	100%	132285 R82
	2/15/2030	2.750%	525,000	4/22/2026	100%	132285 R90
	2/15/2031	3.000%	525,000	4/22/2026	100%	132285 S24
	2/15/2032	3.000%	525,000	4/22/2026	100%	132285 S32
				\$ 3,150,000		
February 26, 2013	2/15/2027	3.000%	\$ 1,855,000	4/22/2026	100%	132285 V46
	2/15/2028	3.000%	1,850,000	4/22/2026	100%	132285 V53
	2/15/2029	3.000%	1,850,000	4/22/2026	100%	132285 V61
	2/15/2030	3.000%	1,850,000	4/22/2026	100%	132285 V79
	2/15/2031	3.000%	1,850,000	4/22/2026	100%	132285 V87
	2/15/2032	3.000%	1,850,000	4/22/2026	100%	132285 V95
	2/15/2033	3.000%	1,850,000	4/22/2026	100%	132285 W29
			\$ 12,955,000			
February 25, 2014	2/15/2027	3.000%	\$ 925,000	4/22/2026	100%	132285 X77
	2/15/2028	3.000%	925,000	4/22/2026	100%	132285 X85
	2/15/2029	3.125%	925,000	4/22/2026	100%	132285 X93
	2/15/2030	3.250%	925,000	4/22/2026	100%	132285 Y27
	2/15/2031	3.375%	925,000	4/22/2026	100%	132285 Y35
	2/15/2032	3.500%	925,000	4/22/2026	100%	132285 Y43
	2/15/2033	3.500%	925,000	4/22/2026	100%	132285 Y50
	2/15/2034	3.500%	925,000	4/22/2026	100%	132285 Y68
			\$ 7,400,000			
March 19, 2015, Series A	2/15/2027	2.500%	\$ 2,050,000	4/22/2026	100%	132285 2A4
	2/15/2028	3.000%	2,050,000	4/22/2026	100%	132285 2B2
	2/15/2029	3.000%	2,050,000	4/22/2026	100%	132285 2C0
	2/15/2030	3.000%	2,050,000	4/22/2026	100%	132285 2D8
	2/15/2031	3.000%	2,050,000	4/22/2026	100%	132285 2E6
	2/15/2032	3.000%	2,050,000	4/22/2026	100%	132285 2F3
	2/15/2035	3.000%	6,150,000	4/22/2026	100%	132285 2G1
			\$ 18,450,000			

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APPENDIX D

(Continued from previous page)

<u>Issue</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Par Amount</u>	<u>Call Date</u>	<u>Call Price</u>	<u>CUSIP #</u>
March 19, 2015, Series B	1/1/2027	4.000%	\$ 2,795,000	4/22/2026	100%	132285 2T3
	1/1/2028	4.000%	1,970,000	4/22/2026	100%	132285 2U0
			<u>\$ 4,765,000</u>			
March 8, 2016	2/15/2027	2.000%	\$ 550,000	4/22/2026	100%	132285 3F2
	2/15/2028	2.000%	550,000	4/22/2026	100%	132285 3G0
	2/15/2029	2.125%	550,000	4/22/2026	100%	132285 3H8
	2/15/2030	3.000%	550,000	4/22/2026	100%	132285 3J4
	2/15/2031	3.000%	550,000	4/22/2026	100%	132285 3K1
	2/15/2032	3.000%	550,000	4/22/2026	100%	132285 3L9
	2/15/2033	3.250%	550,000	4/22/2026	100%	132285 3M7
	2/15/2034	3.250%	550,000	4/22/2026	100%	132285 3N5
	2/15/2035	3.250%	550,000	4/22/2026	100%	132285 3P0
	2/15/2036	3.250%	550,000	4/22/2026	100%	132285 3Q8
			<u>\$ 5,500,000</u>			
		TOTAL	<u>\$ 52,220,000</u>			