

THIRTY-THIRD ANNUAL REPORT
OF THE EXECUTIVE DIRECTOR

CAMBRIDGE REDEVELOPMENT AUTHORITY
336 MAIN STREET
CAMBRIDGE, MA 02142

JUNE 30, 1990



Cambridge Redevelopment Authority
City of Cambridge
1989



Cambridge City Council

Alfred E. Vellucci, Mayor

Thomas W. Danchy

Francis H. Duchay

Saundra M. Graham

Sheila T. Russell

David E. Sullivan

Walter J. Sullivan

William H. Walsh

Alice K. Wolf

Robert W. Healy, City Manager



Cambridge Redevelopment Authority

Thomas J. Murphy, Chairman

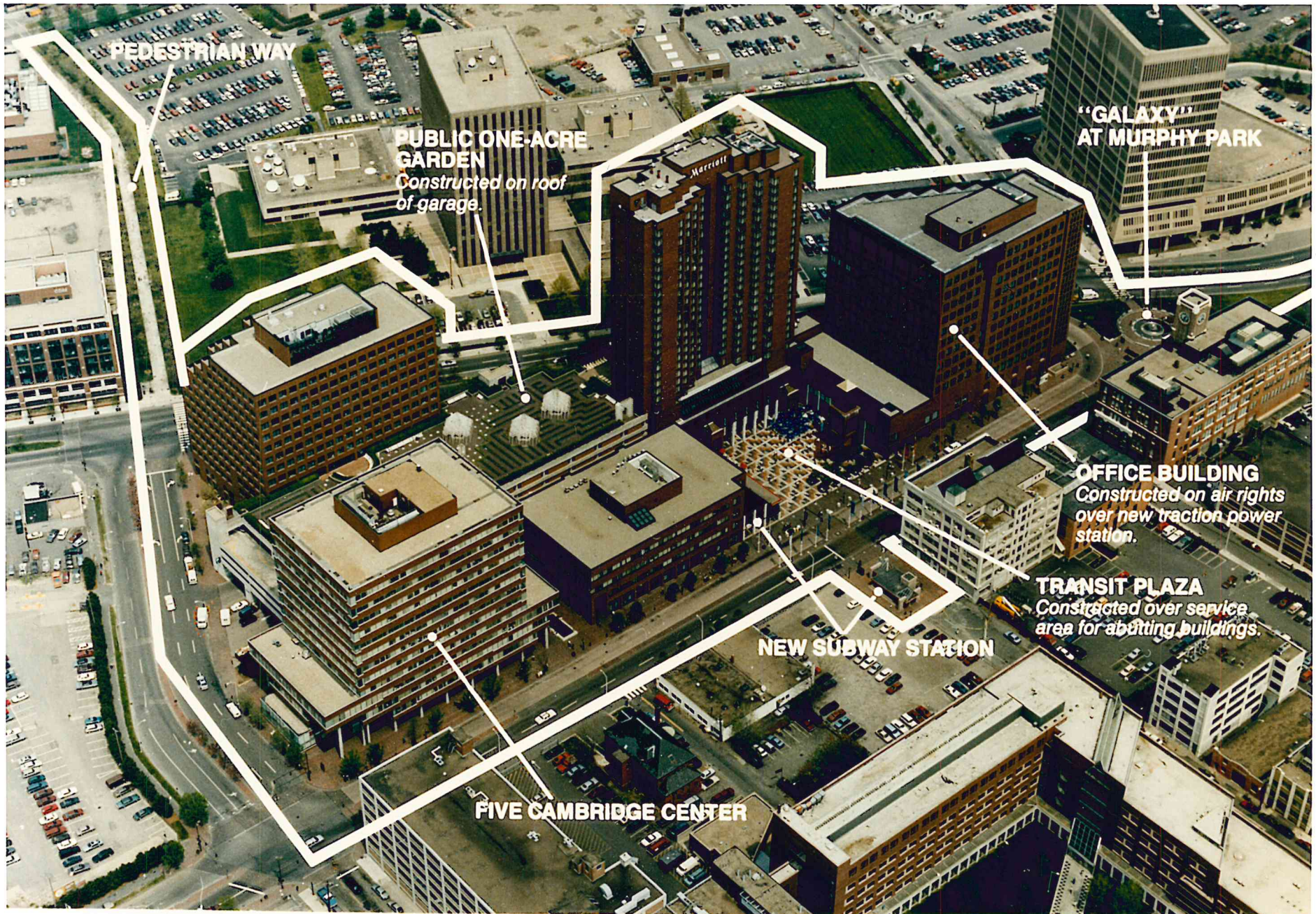
Jacqueline S. Sullivan, Vice Chairman

Alan D. Bell, Treasurer

Joseph F. Tulimieri, Executive Director

and Secretary





Urban Initiatives Project Area — 1989

The major events of 1989-1990 in the Authority programs are outlined, as follows:

Wellington Harrington Neighborhood Renewal Area

- o The Archdiocese of Boston completed the landscaping on Tract No. 4B.
- o Authority staff continued its efforts to assist the developer (Wellington-Harrington Development Corporation) to resolve MHFA-related problems in the former Will Scientific building and at Linwood Court.
- o A certificate of completion was issued to Lawrence T. May, Jr. for Tract No. 6F-3 improvements.

Kendall Square Urban Renewal Area / Parcel 1

- o Meetings were held with DOT Secretary Samuel Skinner, RSPA Administrator Dungan, Congressman Kennedy and his staff, as well as union officials in attempts to achieve concensus in the filing of legislation. The objective is to have the Federal Government reconvey certain land on Parcel 1 for housing and commercial development.
- o The Authority Executive Director attended the "mark-up" session of the National Housing Bill. The Parcel 1 legislation had been added to the Bill. Unfortunately, action on the Bill was postponed to the Second Session of Congress.

Kendall Square Urban Renewal Area / Parcel 2

- o The Cambridge License Commission approved the issuance of a gasoline storage permit and Boston Properties completed construction on the Parcel 2 (North) Garage and the Authority issued a certificate of completion.
- o Boston Properties submitted plans for a building at Seventeen Cambridge Center. After exhaustive negotiations with the tenant, a local entity of a multi-national firm, a decision was made not to proceed.
- o Boston Properties and Haley & Aldrich completed the requisite remedial work on Parcel 2. This involved on-site batching of petroleum product with the product used as the base for interior roadways.
- o Boston Properties prepared a so-called "waiver application" in connection with the Chapter 21E work. However, since the project did not proceed, the waiver was not filed.
- o The Authority approved landscaping plans for the Pressley-designed park at the Parcel 2 (West) Garage.
- o The Authority approved an amendment to the Concept Design Plan modifying the entrance and service location(s).
- o Camp Dresser and McKee moved into its new facilities at Ten Cambridge Center. They will occupy the entire 146,000SF building. The Authority issued a certificate of completion subject to the completion of certain improvements including the park/garden.

Kendall Square Urban Renewal Area / Parcel 3

- o After staff and consultant reviews and Design Advisory Group input, the Authority approved amendments to the Master Action Plan and Concept Design Plan for Parcel 3 (West). Essential changes allow the development to proceed on a "parcel-by-parcel basis." No changes in use or density were involved.

Kendall Square Urban Renewal Area / Parcel 4

- o Boston Properties proposed and the Authority approved some modifications to Two Cambridge Center (Marriott) including entries and the installation of awnings.
- o The Coop ran a successful "back-to-school" program on the Plaza and continues to operate the Food Court. Only one vendor space in the Food Court is available.
- o Au Bon Pain continues its successful sidewalk outdoor seating program adding to the emerging liveliness of Kendall Square.
- o Boston Properties continues to subsidize the performers on the Plaza.
- o The gateway to the Kendall Square project has seen dramatic changes with the commencement of construction of Point Park.
- o What once was the site of a small traffic rotary with a high incidence of automobile accidents in Kendall Square was transformed into Point Park. This location marks an important access at the foot of the Longfellow Bridge across the Charles River from Boston.

- o Point Park, serving as the gateway to Cambridge Center, is a passive recreational and "landmark park" integrated with a highly visible environmental sculpture at its focus. Kinetic and sky artist, Otto Piene, Director of the MIT Center for Advanced Visual Studies, served as a part of the team assembled by the Cambridge Redevelopment Authority to design, plan and implement this exciting project. John Tingley of The Halvorson Company, a Boston-based professional landscaping, architectural and urban design firm, served as project architect. General engineering services were by Fay, Spofford and Thorndike while Monacelli Associates served as the urban design consultant for the project.
- o The merging of art and architecture is not a new phenomenon in the Kendall Square Urban Renewal Project. Architects involved to date in the reshaping of the Kendall Square area include Moshe Safdie, Davis and Brody, Edward Durrell Stone, Imre and Anthony Halasz, Marvin and Joan Goody, Romaldo Giurgola, Cambridge Seven Associates, and ADD, Inc. Artists include: Paul Matisse/Arts-on-the-Line, Norman Laliberte, Karl Schlamming, Picasso/Nesjar, Louise Nevelson, and Kenneth Noland.
- o However, Point Park marks the first instance where artists, architects and engineers under the direction of the Cambridge Redevelopment Authority as the supervising public agency, worked together, from the inception of the concept of the execution stage. The concept, dubbed "Galaxy" by Piene, consists of a central fountain with a five foot spherical, stainless steel earth sculpture. The fountain is surrounded by twelve "Moon Lights", seating, landscaping, and paved open space. The theme of the sculpture is earth-stars-light technology suggested by the presence of MIT and the many high tech businesses and institutions endemic to the Kendall Square Area. The sculpture will serve to coalesce and focus the theme while simultaneously articulating the open space.

- o The first implementation stage consists of a centralized lunch and leisure park with the fountain and associated ground lighting structures, seating, a bosk of Honey Locust trees arranged in a semi-circle, all set on a carpet of brick and granite pavers with a generous amount of landscaped open space. Subsequent stages of the artistic development will carry the theme of light, energy, technology and space even further. Technological/scientific sculpture elements such as holography, laser and other kinetic modes during the day and night hours by way of programmed animation will be introduced.

General Operations

- o The Department of Housing and Urban Development (HUD) approved the release of funds, reserved for relocation and contingent obligations, which can be used for project expenditures.
- o A lease was negotiated and executed with the Massachusetts Institute of Technology for office space at 336 Main Street.
- o Demolition and Site Clearence Contract No. 22 was awarded for the removal of the former UST/Charlesbank building on Broadway.
- o The Closeout Services Agreement with the City of Cambridge for the Kendall Square Project was extended and funds reallocated.
- o Site Preparation Contract No. 16 including the Sculpture/Fountain paving, benches and surface improvements were underway.
- o Site Preparation Contracts Nos. 7, 13 and 15 were settled and closed out.

- o Negotiations commenced on certain amendments to the Development Agreements with Boston Properties.
- o Property Management Contract No. 11 was awarded to Joseph F. Phelan Company in the amount of \$44,833. and Property Management Contract No. 12 was advertised.
- o Daniel Dennis Company prepared the Audit Report, a copy of which is attached.
- o Temporary use of Authority-owned land by Boston Properties, StrideRite, Cambridge Hospital and Texaco continued.

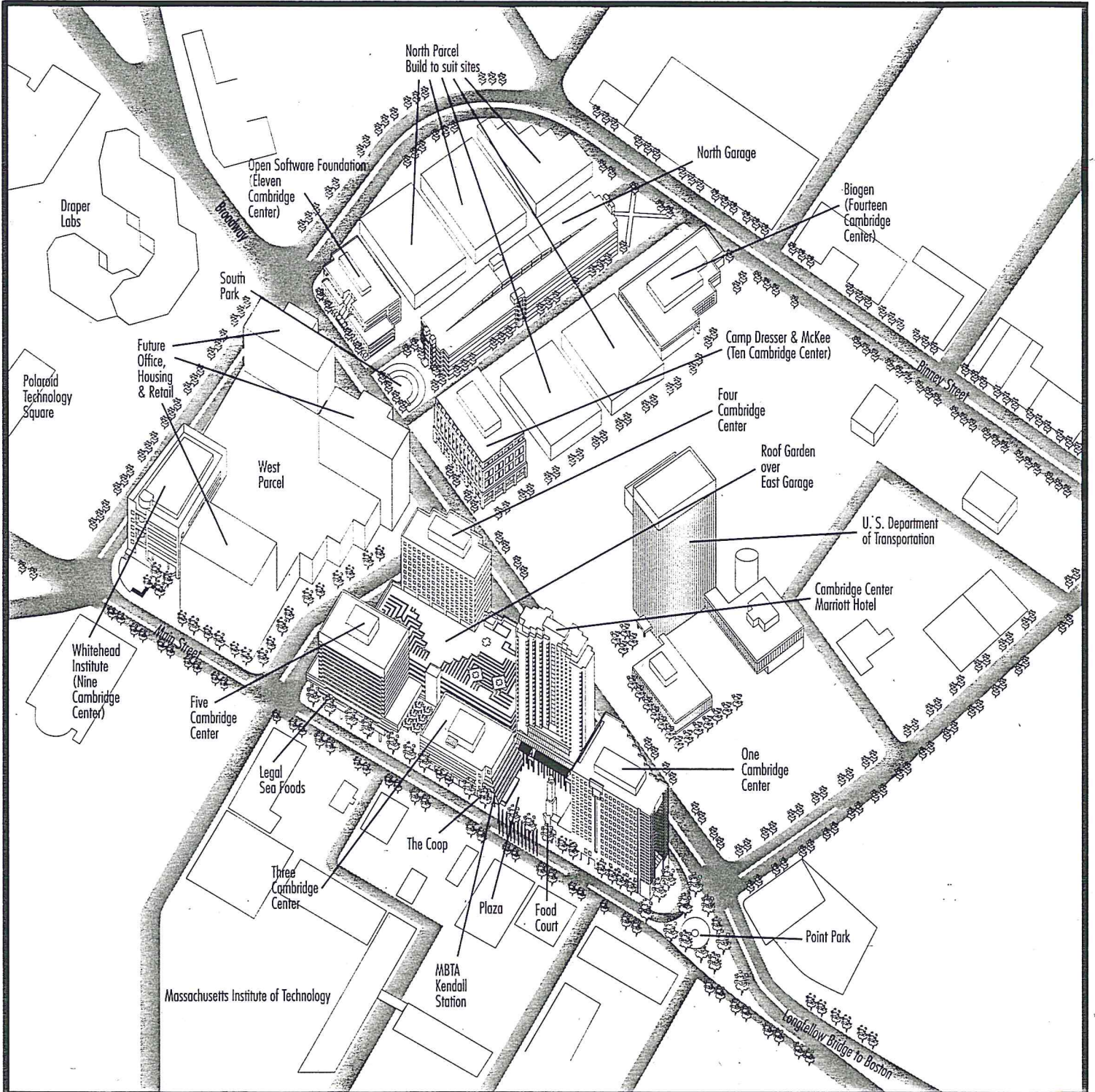
Authority Organization

- o Jacqueline S. Sullivan was elected Chairman; Thomas J. Murphy, Vice Chairman; and Alan D. Bell, Treasurer.
- o The Authority Executive Director indicated that due to lack of funding and lack of work, staffing will have to be reduced. The Secretary/Receptionist position was eliminated as a first step and all staff were notified of possible termination of employment.
- o The Authority was the recipient of a National Merit Award for Administrative Innovation for the Authority's Kendall Square Urban Initiatives Project.



Cambridge Center

Completed and Future Development



CAMBRIDGE REDEVELOPMENT AUTHORITY
FINANCIAL STATEMENTS
AND
AUDITORS' REPORT
JUNE 30, 1990

Cambridge Redevelopment Authority
Cambridge, Massachusetts

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Daniel Dennis & Company

Certified Public Accountants

The Board of Directors
Cambridge Redevelopment Authority

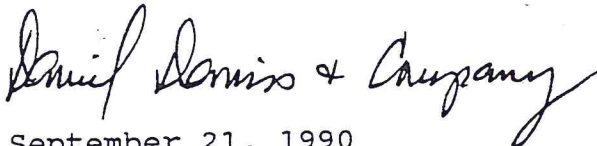
Independent Auditors' Report

We have audited the accompanying balance sheet of Cambridge Redevelopment Authority (CRA) as of June 30, 1990, and the related statements of revenues and expenditures and changes in fund balances for the year then ended. These financial statements are the responsibility of the management of CRA. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As is common with most governmental entities, the financial statements referred to above do not include the general fixed assets account group which should be included to conform with generally accepted accounting principles. The amount that should be recorded in the general fixed assets account group is not known.

In our opinion, except for the effect on the financial statements of the omission of the general fixed assets account group, as discussed in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of Cambridge Redevelopment Authority as of June 30, 1990, and the results of its operations and changes in fund balances for the year then ended, in conformity with generally accepted accounting principles.



September 21, 1990

Cambridge Redevelopment Authority
 Combined Balance Sheet
 June 30, 1990

	<u>Project Funds</u>	<u>General Long-Term Obligations</u>	<u>Combined Total*</u>
<u>Assets</u>			
Cash and deposits (Note 3)	\$ 557,986	\$ -	\$ 557,986
Investments (Note 3)	200,000	-	200,000
Amount to be provided for retirement of general long-term obligations	<u>-</u>	<u>40,146</u>	<u>40,146</u>
Total assets	<u>\$ 757,986</u>	<u>\$ 40,146</u>	<u>\$ 798,132</u>
 <u>Liabilities and Fund Balances</u>			
Accounts payable	\$ 40,884	\$ -	\$ 40,884
Payroll withholdings	2,677	-	2,677
Good faith deposits (Note 4)	181,059	-	181,059
Deferred interest income on good faith deposits	13,749	-	13,749
Accrued vacation and sick leave	<u>44,160</u>	<u>40,146</u>	<u>84,306</u>
Total liabilities	282,529	40,146	322,675
Fund balance	<u>475,457</u>	<u>-</u>	<u>475,457</u>
Total liabilities and fund balances	<u>\$ 757,986</u>	<u>\$ 40,146</u>	<u>\$ 798,132</u>

*Memorandum only.

See accompanying notes to financial statements.

Cambridge Redevelopment Authority
Statement of Support, Revenues, and Expenses
For the Year Ended June 30, 1990

	Project R-107
Revenues:	
Closeout funds - HUD	\$1,037,997
Land sale	800,817
Reimbursements	246,501
Income on investments	130,754
Rental income	316,652
Other income	10,749
Total revenues	2,543,470
 Expenditures:	
Administrative	816,380
Legal	96,623
Survey and planning	31,489
Operation of property	54,878
Project improvements	1,521,367
Miscellaneous expense	25,053
Total expenditures	2,545,790
Excess (deficit) of revenues over expenditures	\$ (2,320)

See accompanying notes to financial statements.

Cambridge Redevelopment Authority
Statement of Changes in Fund Balances
For the Year Ended June 30, 1990

	<u>Project R-107</u>
Fund balances - July 1, 1989	\$ 477,777
Additions/(deductions):	
Excess/(deficit) of public support and other revenue over expenses	<u>(2,320)</u>
Fund balances - June 30, 1990	<u>\$ 475,457</u>

See accompanying notes to financial statements.

Cambridge Redevelopment Authority
Notes to Financial Statements
June 30, 1990

1. Type of Organization

The Cambridge Redevelopment Authority (CRA) was established in 1955 to administer and plan urban renewal and other community development projects within the City of Cambridge. CRA is authorized by and operates under the provisions of Chapter 121B of the General Laws, as amended, which is known as the Housing and Urban Renewal Law. CRA was issued a Certificate of Organization by the Secretary of the Commonwealth on November 20, 1956.

2. Summary of Significant Accounting Policies

A summary of significant accounting policies employed in the preparation of the financial statements follows:

Basis of Presentation

The financial condition and results of operations of the Authority's funds are presented as of and for the year ended June 30, 1990. The accounting policies of CRA conform with generally accepted accounting principles ("GAAP"), except that CRA does not maintain, and therefore does not report, a general fixed assets account group.

Fund Accounting

Financial activities are recorded in the funds described below, each of which is deemed to be a separate accounting entity. The operations of each fund are accounted for with a set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues and expenditures.

Project Funds

Transactions accounted for in Project Funds relate to resources obtained and used for specific identifiable development activities classified as projects. Individual projects may receive funding from several sources, including federal, state and local grants, disposition proceeds, income earned on investments and rental income. CRA separately accounts for revenues and expenditures under each funding source. For financial reporting purposes, funding sources have been combined on a development project basis.

Cambridge Redevelopment Authority
Notes to Financial Statements - Continued
June 30, 1990

2. Summary of Significant Accounting Policies - Continued

General Long-Term Obligations Account Group

Unmatured long-term obligations of CRA are accounted for in the General Long-Term Obligations Account Group.

Basis of Accounting

The accounts of CRA are maintained and reported on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues from reimbursement type grants are recorded when the eligible expenditures are incurred. Investment and rental income is recorded as earned. Expenditures are recognized when obligations are incurred from the receipt of goods and services. Capital outlay and principal payment on long-term debt are recorded as expenditures when purchased or when due, respectively.

Vacation and Sick Pay

Employees earn vacation and sick time as they provide services to CRA. They may accumulate (subject to certain limitations) unused vacation and sick time earned and, upon retirement, termination or death, be compensated for unused portions of the time earned. Accordingly, these accumulated benefits, which will not be liquidated with expendable available financial resources, are recorded in the General Long-Term Obligations Account Group.

Property

CRA is the owner of certain properties within its project development areas. Generally, properties are acquired in connection with specified development projects and the costs associated with the acquisition of properties are expensed as incurred. Use of the proceeds from the rental and ultimate disposition of the properties is restricted for allowable project costs; otherwise such amounts must be returned to the funding agency. Expenditures for office equipment are expensed as incurred.

The accompanying financial statements do not include a general fixed assets account group.

3. Deposits and Investments

At June 30, 1990, investments at cost, which approximates market value, consist of the following:

<u>Type</u>	<u>Amount</u>	<u>Rate</u>	<u>Maturity</u>
Certificate of Deposit	\$ 100,000	7.50%	09/04/90
Certificate of Deposit	100,000	8.25%	07/09/90
Total	<u>\$ 200,000</u>		

Cambridge Redevelopment Authority
Notes to Financial Statements - Continued
June 30, 1990

Investments are made when cash generated from goodfaith deposits, rents and other non-federal sources are available during periods of excess cash flow. All certificates of deposit are insured by Federal Deposit Insurance Corporation (FDIC).

Also at June 30, 1990, cash and other deposits amounting to \$557,986 are held in various checking, savings and money market accounts with several local banks. These deposits are fully insured by a combination of the FDIC for amounts up to \$100,000 in each bank and the Deposit Insurance Fund of Massachusetts (DIFM) for amounts in excess of the FDIC limit.

4. Good Faith Deposits

Good faith deposits consist primarily of funds placed with the Authority by developers in connection with their purchase of certain tracts of land held by CRA.

5. Pension Plan

All CRA full-time employees participate in the City of Cambridge Employees Retirement System ("System"), a single employer public employee retirement system. The payroll for employees covered by the System for the year ended June 30, 1990 was \$463,851; the CRA's total payroll was \$463,851.

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

Members of the System become vested after ten years of creditable service. A retirement allowance may be received upon reaching age 65 or upon attaining twenty years of service. The Plan also provides for early retirement at age 55 if the Participant (1) has a record of 10 years of creditable service, (2) was on the CRA payroll on January 1, 1973, (3) voluntarily left CRA employment on or after that date, and (4) left accumulated annuity deductions in the fund. Active members contribute either 5, 7 or 8% of their gross regular compensation depending on the date upon which their membership began. The System also provides death and disability benefits.

Cambridge Redevelopment Authority
Notes to Financial Statements - Continued
June 30, 1990

5. Pension Plan - Continued

The "Pension Benefit Obligation" is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases and step-rate benefits, estimated to be payable in the future as a result of employee service to date. The measure is intended to help users assess the funding status of the system on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among employers. The measure is the actuarial present value of credited projected benefits and is independent of the funding method used to determine contributions to the System. The pension benefit obligation at December 31, 1989 for the system as a whole, determined through an actuarial valuation performed as of January 1, 1990, was \$231.8 million. The System's net assets available for benefits on that date valued at cost were \$108.9 million, leaving an unfunded pension benefit obligation of \$122.9 million.

The System's funding policy for the CRA is not actuarially determined. The CRA is required to contribute, each fiscal year, an amount approximating the Pension Benefits (less certain interest credits) expected to be paid during the year ("pay-as-you-go" method). This amount is determined in advance by the Public Employees Retirement Administration (PERA) and is based in part on the previous year's benefit payout. No actuarial information is used in determining this amount. The Commonwealth of Massachusetts currently reimburses the System on a quarterly basis for the portion of benefit payments owing to cost-of-living increases granted after the implementation of Proposition 2-1/2. The contribution requirement for the year ended June 30, 1990 was \$94,325, which consisted of \$69,279 from the CRA and \$25,046 from employees; these contributions represented 14.94% and 5.40% of covered payroll, respectively.

Ten-year historical trend information showing the System's progress in accumulating sufficient assets to pay benefits when due is presented in supplementary schedules of the general purpose financial statements of the City of Cambridge.

6. Operating Leases

At June 30, 1990, future minimum lease commitments under operating leases were as follows:

<u>June 30</u>	<u>Amount</u>
1991	\$ 68,800
1992	70,950
1993	73,100
<u>1994</u>	<u>37,625</u>
Total	<u>\$250,475</u>

REPORT ON THE
INTERNAL CONTROL STRUCTURE

Daniel Dennis & Company

Certified Public Accountants

The Board of Directors
Cambridge Redevelopment Authority

We have audited the financial statements of Cambridge Redevelopment Authority (CRA) as of and for the year ended June 30, 1990, and have issued our report thereon dated September 21, 1990.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

In planning and performing our audit of the financial statements of CRA, for the year ended June 30, 1990, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

The management of CRA is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

For the purpose of this report, we have classified the significant internal control structure policies and procedures in the following categories: billings, cash receipts, cash disbursements, payroll, cash, receivables, payables, fund balance and general ledger. For all of the internal control structure categories listed above, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a reportable condition in which the design or operation of one or more of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control structure and its operation that we consider to be material weaknesses as defined above.

This report is intended solely for the use of management and CRA's cognizant agencies and should not be used for any other purpose. This restriction is not intended to limit the distribution of this report, which, upon acceptance by the cognizant agencies is a matter of public record.

Samuel Dennis & Company

September 21, 1990

REPORT ON COMPLIANCE

Daniel Dennis & Company

Certified Public Accountants

The Board of Directors
Cambridge Redevelopment Authority

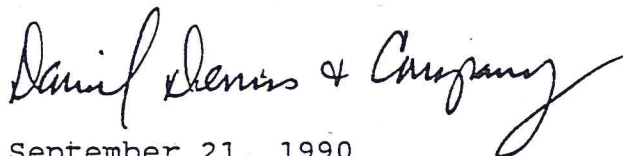
We have audited the financial statements of Cambridge Redevelopment Authority (CRA) as of and for the year ended June 30, 1990, and have issued our report thereon dated September 21, 1990.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to CRA is the responsibility of the CRA's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of CRA's compliance with certain provisions of laws, regulations, contracts, and grants. However, our objective was not to provide an opinion on overall compliance with such provisions.

The results of our tests indicate that, with respect to the items tested, CRA complied, in all material respects, with the provisions referred to in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that CRA had not complied, in all material respects, with those provisions.

This report is intended for the information of management and CRA's cognizant agencies. This restriction is not intended to limit the distribution of this report, which, upon acceptance by the cognizant agencies, is a matter of public record.



September 21, 1990

REPORT ON
SCHEDULE OF FEDERAL
FINANCIAL ASSISTANCE

Daniel Dennis & Company

Certified Public Accountants

The Board of Directors
Cambridge Redevelopment Authority

Independent Auditors' Report

We have audited the financial statements of Cambridge Redevelopment Authority (CRA) for the year ended June 30, 1990, and have issued our report thereon dated September 21, 1990. These financial statements are the responsibility of CRA's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

Our audit was made for the purpose of forming an opinion on the financial statements of CRA taken as a whole. The accompanying schedule of federal financial assistance is presented for purposes of additional analysis and is not a required part of the financial statements. The information in that schedule has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, if fairly presented in all material respects in relation to the financial statements taken as whole.

Daniel Dennis & Company

September 21, 1990

Cambridge Redevelopment Authority
 Schedule of Federal Financial Assistance
 For the Year Ended June 30, 1990

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Project Number</u>	<u>Federal Award Amount</u>	<u>Expenditures</u>
U.S. Department of Housing and Urban Development-				
Passed through the City of Cambridge:				
Urban Renewal Closeout Grant Program - Kendall Square	14.218	R-107	\$ 8,283,766	\$ 1,216,234
Total Federal Financial Assistance			<u>\$ 8,283,766</u>	<u>\$ 1,216,234</u>

At June 30, the total Federal Award Amount of \$8,283,766 had been fully expended.

REPORT ON INTERNAL CONTROLS
APPLICABLE TO
FEDERAL FINANCIAL ASSISTANCE

Daniel Dennis & Company

Certified Public Accountants

The Board of Directors
Cambridge Redevelopment Authority

We have audited the financial statements of Cambridge Redevelopment Authority (CRA) for the year ended June 30, 1990 and have issued our report thereon dated September 21, 1990. As a part of our audit, we made a study and evaluation of CRA's system of internal accounting control, including applicable internal accounting and administrative controls used in administering federal financial assistance programs, to the extent we considered necessary to evaluate the system as required by generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, the Single Audit Act of 1984, and the provisions of OMB Circular A-128, Audits of State and Local Governments. For the purpose of this report, we have classified the significant internal accounting controls into the following categories: billings, cash receipts, cash disbursements, payroll, cash, receivables, payables, fund balance, and general ledger. Further, we have classified the controls used in administering federal financial assistance programs in the following categories: political activity, Davis-Bacon Act, civil rights, cash management, federal financial reports, drug free work place, allowability of services and/or costs, and specific contract conditions.

The management of CRA is responsible for establishing and maintaining internal control systems used in administering federal financial assistance programs. In fulfilling this responsibility, estimates and judgements by management are required to assess the expected benefits and related costs of control procedures. The objectives of internal control systems used in administering federal financial assistance programs are to provide management with reasonable, but not absolute, assurance that, with respect to federal financial assistance programs, resource use is consistent with laws, regulations and policies; resources are safeguarded against waste, loss and misuse; and reliable data are obtained, maintained and fairly disclosed in reports.

Because of inherent limitations in any system of internal accounting and administrative controls used in administering federal financial assistance programs, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the systems to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

Our study included all of the applicable control categories listed above. During the year ended June 30, 1990, CRA expended 100% of its total federal financial assistance under major federal financial assistance programs. With respect to internal control systems used in administering major federal financial assistance programs, our study and evaluation included considering the types of errors and irregularities that could occur, determining the internal control procedures that should prevent or detect such errors and irregularities, determining whether the necessary procedures are prescribed and are being followed satisfactorily, and evaluating any weaknesses.

Our study and evaluation was more limited than would be necessary to express an opinion on the internal control systems used in administering the federal financial assistance programs of CRA. Accordingly, we do not express an opinion on the internal control systems used in administering the federal financial assistance programs of CRA. However, our study and evaluation and our audit disclosed no condition that we believe to be a material weakness in relation to a federal financial assistance program of CRA.

This report is intended solely for the use of management and CRA's cognizant agencies and should not be used for any other purpose. This restriction is not intended to limit the distribution of this report, which, upon acceptance by the cognizant agencies is a matter of public record.

Samuel Domin + Company
September 21, 1990

REPORTS ON COMPLIANCE
APPLICABLE TO
FEDERAL FINANCIAL ASSISTANCE

Daniel Dennis & Company

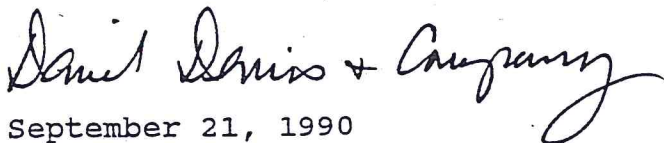
Certified Public Accountants

The Board of Directors
Cambridge Redevelopment Authority

We have audited the Cambridge Redevelopment Authority's (CRA) compliance with the requirements governing types of services allowed or unallowed; reporting; claims for advances and reimbursements; and amounts claimed or used for matching that are applicable to its major federal financial assistance program, which is identified in the accompanying schedule of federal financial assistance, for the year ended June 30, 1990. The management of CRA is responsible for the organization's compliance with those requirements. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, and Office and Management and Budget Circular A-128, "Audits of State and Local Governments." Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the organization's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the Cambridge Redevelopment Authority, complied, in all material aspects, with the requirements governing types of services allowed or unallowed; reporting; claims for advances and reimbursements; and amounts claimed or used for matching that are applicable to its major federal financial assistance program for the year ended June 30, 1990.


September 21, 1990

Daniel Dennis & Company

Certified Public Accountants

The Board of Directors
Cambridge Redevelopment Authority

We have applied procedures to test Cambridge Redevelopment Authority's (CRA) compliance with the following requirements applicable to its major federal financial assistance program, which is identified in the schedule of federal financial assistance, for the year ended June 30, 1990. The general requirements which were applicable and tested are political activity, Davis-Bacon Act, civil rights, cash management, federal financial reports and drug free workplace.

Our procedures were limited to the applicable procedures described in the Office of Management and Budget's Compliance Supplement for Single Audits of State and Local Governments. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on CRA's compliance with the requirements listed in the preceding paragraph. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of those procedures disclosed no material instances of noncompliance with the requirements listed in the first paragraph of this report. With respect to items not tested, nothing came to our attention that caused us to believe that CRA had not complied, in all material respects, with those requirements.

This report is intended for the information of management, and CRA's cognizant agencies and should not be used for any other purpose. This restriction is not intended to limit the distribution of this report, which, upon acceptance by the cognizant agencies, is a matter of public record.

Daniel Dennis & Company

September 21, 1990