



City of Cambridge

Finance Department

Claire Spinner

Assistant City Manager-Fiscal Affairs

To: Yi-An Huang, City Manager

From: Claire Spinner, Assistant City Manager / Fiscal Affairs

Joseph McCann, City Auditor

Date: March 10, 2026

Subj: Transmitting the City of Cambridge FY 2025 Annual Comprehensive Financial Report

We are pleased to transmit the City's Annual Comprehensive Financial Report (ACFR) for the fiscal year that ended June 30, 2025. The report was prepared by the City's Finance and Auditing departments. The financial statements contained within the report were audited by KPMG, which provided an independent review of our statements to ensure accuracy and compliance with accounting standards.

The ACFR is a detailed and structured report that provides a complete picture of the city's financial condition and operations over the past fiscal year. The report is presented in accordance with U.S. Generally Accepted Accounting Principles (GAAP), as established by the Government Accounting Standards Board (GASB), and meets the requirements of the Commonwealth of Massachusetts and the City Charter. The ACFR serves several important functions:

Financial Performance: It provides an in-depth analysis of revenue sources, expenditures, assets, and liabilities, allowing city officials to assess the municipality's financial health.

Regulatory Compliance: It ensures adherence to governmental accounting requirements as well as compliance with state and federal financial reporting requirements.

Transparency & Accountability: It ensures that the city remains accountable to taxpayers, residents, and stakeholders by disclosing financial activities in a clear and structured manner.

Bond Rating: Credit rating agencies rely on audited statements to assess the city's financial health and creditworthiness.

In addition to preparing the ACFR, the City undergoes an independent audit each year, which is conducted by external auditors (KPMG). The independent audit plays a critical role in financial transparency and accountability, including ensuring that the City's financial statements present fairly its financial position and ensuring that the City is following applicable laws, regulations and accounting standards. In addition, the

auditors assess the City's internal controls and may recommend improvements if they identify any weaknesses.

We would like to acknowledge the staff in the Finance and Auditing Departments who assisted in the preparation of the ACFR. The quality of their work has been acknowledged by the Government Finance Officers Association (GFOA), which awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its FY 2024 ACFR. This was the 39th consecutive year that the City achieved this prestigious award. To be awarded the Certificate of Achievement, the City must publish an easily readable and efficiently organized ACFR that satisfies both GAAP and applicable program requirements. We believe that our FY 2025 ACFR continues to meet the GFOA Certificate of Achievement and have submitted it to GFOA for consideration for this year's award.