

# Meeting of the Advisory Board to the Comptroller

April 29, 2025



OFFICE OF THE COMPTROLLER  
COMMONWEALTH OF MASSACHUSETTS

# Advisory Board to the Comptroller

## Statutory Members

- ★ **Matthew Gorzkowicz**, Secretary of Administration and Finance (Chair)
- ★ **The Honorable Diana DiZoglio**, State Auditor
- ★ **The Honorable Deborah B. Goldberg**, Treasurer and Receiver General
- ★ **The Honorable Andrea Joy Campbell**, Attorney General
- ★ **Thomas G. Ambrosino**, Court Administrator of Massachusetts Trial Court

## Appointed Members

- ★ **Michael Esmond**, Director of Municipal Finance, Town of Braintree
- ★ **Natalie S. Monroe**, Chief Magistrate, Division of Administrative Law Appeals

# Agenda

I	<b>(A) Call to Order. (B) Authorization for Remote Meeting. (C) Notice of Recording</b>	Secretary Matthew Gorzkowicz (Chair)
II	<b>Review and approval of April 29, 2025 Advisory Board meeting minutes</b>	Secretary Gorzkowicz
III	<b>Remarks from the Chair</b>	Secretary Gorzkowicz
IV	<b>Reporting Process Overview</b>	Comptroller William McNamara
V	<b>Review of the Annual Comprehensive Financial Report (ACFR) Fiscal Year 2024</b>	Pauline Lieu, Assistant Comptroller & Chief Reporting Officer Howard Merkowitz, Senior Advisor
VI	<b>CliftonLarsonAllen (CLA) Report to the Board</b>	Christian Rogers, CPA Managing Principal and colleagues
VII	<b>Board Discussion of the ACFR</b>	Secretary Gorzkowicz
VIII	<b>Steps to Issuance of the ACFR</b>	Comptroller McNamara
IX	<b>Review of Comptroller Compensation</b>	Thomas Smith-Vaughan, COO – Office of the Comptroller
X	<b>Timing of Next Meeting</b>	Secretary Gorzkowicz / Comptroller McNamara
XI	<b>Items not reasonably anticipated by the Chair</b>	Secretary Gorzkowicz
XII	<b>Adjournment</b>	Secretary Gorzkowicz

# Meeting Information

On March 28, 2025, Governor Healey signed into law Chapter 2 of the Acts of 2025, which extends certain temporary provisions pertaining to the Open Meeting Law until June 30, 2027. Specifically, this further extension allows public bodies to continue holding meetings remotely without a quorum of the public body physically present at a meeting location, and to provide "adequate, alternative" access to remote meetings.

In accordance with that law, all members of the Advisory Board and members of the public are participating remotely in today's meeting.

Because members of the Board are participating remotely, all votes today will be taken by roll call.

Meeting Information	
Date and Time:	April 29, 2025 at 1:00pm
Location:	Zoom
Meeting ID:	835 8159 7253
Passcode:	787855
Link:	<a href="https://macomptroller.zoom.us/j/83581597253?pwd=FMHs1ATbWmd4NyIB1crZkAfOPJlvSv.1">https://macomptroller.zoom.us/j/83581597253?pwd=FMHs1ATbWmd4NyIB1crZkAfOPJlvSv.1</a>
Dial-in:	1-929-205-6099

## Agenda Item I

(A) Call to Order

(B) Authorization for Remote Meeting

(C) Notice of Recording

**Secretary Matthew Gorzkowicz**

**Executive Office for Administration and Finance**

Agenda Item II  
Review and approval of minutes

Secretary Gorzkowicz

Agenda Item III  
Remarks from the Advisory Board Chair  
Secretary Gorzkowicz

# Agenda Item IV

## Reporting Process Overview

**William McNamara**  
**Comptroller**



# Three major reporting requirements

SBFR	ACFR	Single Audit
Statutory Basis Financial Report	Annual Comprehensive Financial Report	Federal requirement
<ul style="list-style-type: none"> <li>Required under state law (M.G.L. c. 7A, § 12)</li> <li>Most other states have similar reports</li> <li>Present the results of the prior fiscal year activity in the Commonwealth's funds primarily on a cash, non-GAAP basis</li> <li>Compute and certify the annual budget balance and end of fiscal year transfer to the Stabilization Fund</li> <li>Disclose and report certain aspects of financial performance as directed by statute or judged relevant by the Comptroller</li> </ul>	<ul style="list-style-type: none"> <li>50-state requirement (plus other local government entities)</li> <li>Financial statements of a state, municipal or other governmental entity that complies with the accounting requirements promulgated by the Governmental Accounting Standards Board (GASB), which sets Generally Accepted Accounting Principles (GAAP) for those governments and entities</li> <li>Key differences versus SBFR: Statements on a "modified accrual" basis; addition of multiple component units and other required information</li> </ul>	<ul style="list-style-type: none"> <li><b>Uniform Guidance:</b> authoritative set of administrative and financial requirements for recipients of federal grants &amp; funds</li> <li><b>SEFA:</b> Schedule of Expenditure of Federal Awards; details the use of federal funds across the state</li> <li><b>Single Audit:</b> Organization-wide financial statement and federal awards' audit of entities that expend \$750,000 or more in federal funds. Focused on internal controls and compliance with program requirements.</li> </ul>
<ul style="list-style-type: none"> <li>Reviewed by the independent firm (CLA)</li> </ul>	<ul style="list-style-type: none"> <li>Audited by the independent firm (CLA)</li> </ul>	<ul style="list-style-type: none"> <li>Conducted by the independent firm (CLA)</li> </ul>

# Content and timing notes

	SBFR	ACFR	Single Audit
<i>What's included?</i>	<ul style="list-style-type: none"> <li>Core functions of the state</li> </ul>	<ul style="list-style-type: none"> <li>Accrual-basis information for the departments/functions reported in the SBFR</li> <li>Additional entities: <ul style="list-style-type: none"> <li>Business activities (universities &amp; colleges, unemployment, etc.)</li> <li>Component units (legally separate entities, required in ACFR due to close relationship)</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Audit is structured around the federal programs</li> <li>Responsible state entity is identified and engaged</li> </ul>
<i>Key info sources</i>	<ul style="list-style-type: none"> <li>Financial activities recorded on the Commonwealth's general ledger (G/L) system, MMARS</li> </ul>	<ul style="list-style-type: none"> <li>MMARS/SBFR info <i>plus...</i></li> <li>Financial statements from related entities that are not included in the ACFR</li> <li>Most operate on independent G/L systems and issue audited financials</li> </ul>	<ul style="list-style-type: none"> <li>Financial data (MMARS, other)</li> <li>Eligibility/participant systems information (Unemployment, MassHealth, etc.)</li> <li>Program-specific documentation</li> </ul>
<i>Timing drivers</i>	<ul style="list-style-type: none"> <li>"Closeout supp" budget</li> </ul>	<ul style="list-style-type: none"> <li>Separately audited entities: slowest unit to issue statements with CPA opinion</li> <li>Unaudited entities: financial statements that pass review and audit</li> </ul>	<ul style="list-style-type: none"> <li>Department's delivery of relevant reports and data</li> <li>Access to IT systems used in the program</li> </ul>

# Agenda Item V

## Review of the Annual Comprehensive Financial Report

Pauline Lieu, Assistant Comptroller & Chief Financial Reporting Officer  
Howard Merkowitz, Senior Advisor

# Statutory Basis Financial Report (SBFR) Summary

- ★ The SBFR was issued on February 14, 2025 and was reviewed, not audited, by CliftonLarsenAllen (CLA).
- ★ The SBFR is presented on a budgetary or statutory basis – cash receipts and expenditures, including two months accounts payable and receivable period; excludes trust funds and most activity of so-called business-type activities such as unemployment insurance and the Institutions of Higher Education
- ★ The SBFR excludes “component units” such as the Massachusetts School Building Authority (MSBA), some of the Massachusetts Department of Transportation (MassDOT) including Regional Transit Authorities, and the Massachusetts Development Finance Agency (MassDevelopment)
- ★ The SBFR determines whether the budget is balanced according to state finance law (“statutory basis”) and includes the calculation of the “consolidated net surplus” and the end of year transfer to the Commonwealth Stabilization (“Rainy Day”) Fund, if any
- ★ On a statutory basis, FY2024 ended with a budgetary fund balance of \$15.004 billion and a “consolidated net surplus” of \$426 million, which, per the final supplemental appropriation act, was transferred to the Student Opportunity Act Investment Fund. During the fiscal year, the balance of the Commonwealth Stabilization (“Rainy Day”) Fund increased by \$488 million, to \$8.524 billion

# Annual Comprehensive Financial Report (ACFR) Background and Definition

- ★ We expect the FY2024 Annual Comprehensive Financial Report to be issued within the next few days and will be submitted to the Government Finance Officers' Association (GFOA) for review as part of the Certificate of Achievement for Excellence in Financial Reporting Program. The FY2023 Annual Comprehensive Financial Report represented the 34th consecutive year that the Annual Comprehensive Financial Report was awarded the certificate.
- ★ The basic financial statements are presented on two bases of accounting under Generally Accepted Accounting Principles (GAAP) as defined by the Governmental Accounting Standards Board (GASB):
  - 1) fund perspective; and
  - 2) government-wide perspective

# ACFR Definition: Fund Perspective

- ★ Similar focus to the SBFR in terms of fund coverage, but also includes trust funds not covered in the SBFR, and the MSBA is incorporated into the statements as a “blended” component unit
- ★ Purpose is to measure a government’s ability to meet obligations from “currently available” resources (i.e., revenues including those to be received soon after the close of the fiscal year)
- ★ Uses a “modified accrual” basis of accounting, in accordance with Generally Accepted Accounting Principles (GAAP), and takes into account short-term accruals. Does not include long-term accruals, such as for debt or capital assets, depreciation, or pension and OPEB liabilities

# ACFR Definition: Government Wide Perspective

Treats government according to accounting rules similar to private businesses

- ★ Includes business-type activities such as Unemployment Insurance, the Paid Family and Medical Leave (PFML) and the Institutions of Higher Education within the Commonwealth's net position (formerly net assets)
- ★ Full accrual accounting for long-term assets and liabilities, including long-term debt, pensions, OPEB, capital assets, capital leases and liabilities, and compensated absences
- ★ Includes, by discrete presentation, so-called "component units" such as MassDOT, the Massachusetts Bay Transportation Authority (MBTA), the Health Insurance Connector, and the Massachusetts Clean Water Trust, all of which have a close relationship to the Commonwealth but are not part of the "primary government" as defined by GASB

# ACFR: Pension and Other Post-Employment Benefits (OPEB)

- ★ GASB Statement Nos. 68 and 75, implemented in FY2015 and FY2018, respectively, changed the requirements for reporting pension and OPEB liabilities for governmental entities. These Statements, No. 68 for pension and No. 75 for OPEB, require the presentation of the net pension and net OPEB liability on the government-wide Statement of Net Position.
- ★ For reporting purposes GASB allows for these liabilities to be presented using a measurement date that is a year prior to the fiscal year end date. For FY2024, these liabilities are measured as of June 30, 2023.
- ★ For FY2024, the Commonwealth's net pension liability on a government-wide basis (including business-type activities) was approximately \$37.140 billion (net of deferrals) and the net OPEB liability was approximately \$16.721 billion (net of deferrals).



# ACFR Fund Perspective: Balance Sheet

## Governmental Funds

June 30, 2024

(Amounts in millions of dollars)

	General	Lotteries	Massachusetts School Building Authority	Federal Grants	Federal COVID-19 Response	Other Governmental Funds	Total
Total assets	\$ 22,899	\$ 499	\$ 2,374	\$ 910	\$ 190	\$ 8,667	\$ 35,540
Total Liabilities & Deferred Inflows	7,448	48	300	812	190	3,194	11,992
Fund balances:							
Nonspendable	—	451	—	—	—	—	451
Restricted	—	—	663	98	—	1,483	2,244
Committed	8,524	—	—	—	—	5,279	13,802
Assigned	2,849	1	1,411	—	—	436	4,696
Unassigned (includes deficits)	4,079	—	—	—	—	(1,725)	2,354
Fund balances	\$ 15,451	\$ 452	\$ 2,074	\$ 98	\$ —	\$ 5,473	\$ 23,547

# ACFR Fund Perspective: Profit and Loss (P&L)

Governmental Funds (Fund Perspective – Modified Accrual Basis)

Fiscal Year Ended June 30, 2024

(Amounts in millions of dollars)

	General	Lotteries	Mass School Building Authority	Federal Grants	Federal COVID-19 Response	Other Governmental Funds	Total FY2024	Total FY2023
Total revenues	\$ 57,724	\$ 6,194	\$ 1,450	\$ 8,143	\$ 2,327	\$ 10,545	\$ 86,383	\$ 83,578
Total other financing sources	2,465	—	—	4	59	16,073	18,602	10,311
<b>Total revenues &amp; other financing sources</b>	<b>60,189</b>	<b>6,194</b>	<b>1,450</b>	<b>8,147</b>	<b>2,386</b>	<b>26,618</b>	<b>104,985</b>	<b>93,889</b>
Total expenditures	52,755	4,986	1,214	7,997	2,386	17,974	87,312	83,293
Total other financing uses	6,597	1,283	—	153	—	5,103	13,137	9,511
<b>Total expenditures &amp; other financing uses</b>	<b>59,352</b>	<b>6,269</b>	<b>1,214</b>	<b>8,150</b>	<b>2,386</b>	<b>23,077</b>	<b>100,449</b>	<b>92,804</b>
Net change in fund balances	837	(75)	236	(3)	—	3,541	4,537	1,085
Fund balances at beginning of year	14,615	527	1,838	100	—	1,930	19,010	17,925
<b>Fund balances at end of year</b>	<b>\$ 15,452</b>	<b>\$ 452</b>	<b>\$ 2,074</b>	<b>\$ 97</b>	<b>\$ —</b>	<b>\$ 5,471</b>	<b>\$ 23,547</b>	<b>\$ 19,010</b>

# ACFR Government-Wide Net Position

Net Position as of June 30, 2024 and June 30, 2023

(Amounts in millions of dollars)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
Current assets	\$ 31,405	\$ 28,095	\$ 8,260	\$ 8,971	\$ 39,665	\$ 37,066
Non-capital non-current assets	3,095	2,628	3,615	3,364	6,710	5,992
Capital assets	6,443	6,168	9,739	9,457	16,182	15,625
<b>Total assets</b>	<b>40,943</b>	<b>36,892</b>	<b>21,614</b>	<b>21,792</b>	<b>62,557</b>	<b>58,683</b>
Deferred outflows of resources	8,907	8,069	573	726	9,480	8,795
<b>Total assets and deferred outflows</b>	<b>49,850</b>	<b>44,961</b>	<b>22,187</b>	<b>22,518</b>	<b>72,037</b>	<b>67,479</b>
Current liabilities	12,572	13,551	2,198	2,440	14,770	15,991
Long term liabilities	97,232	92,357	10,491	11,740	107,723	104,097
<b>Total liabilities</b>	<b>109,804</b>	<b>105,908</b>	<b>12,689</b>	<b>14,180</b>	<b>122,493</b>	<b>120,088</b>
Deferred inflows of resources	7,438	8,820	2,314	2,216	9,751	11,036
<b>Total liabilities and deferred inflows</b>	<b>117,241</b>	<b>114,728</b>	<b>15,003</b>	<b>16,396</b>	<b>132,244</b>	<b>131,124</b>
Net Position:						
Net investment in capital assets	(2,334)	(1,554)	4,089	3,965	1,755	2,411
Restricted	2,244	925	3,494	2,906	5,738	3,831
Unrestricted	(67,301)	(69,138)	(400)	(750)	(67,701)	(69,888)
<b>Total Net Position</b>	<b>\$ (67,391)</b>	<b>\$ (69,767)</b>	<b>\$ 7,183</b>	<b>\$ 6,122</b>	<b>\$ (60,208)</b>	<b>\$ (63,645)</b>

# Government-Wide Changes in Net Position

Between June 30, 2023 and June 30, 2024  
(Amounts in millions of dollars)

	June 30, 2024	June 30, 2023	\$ Change, FY2023-2024	% Change, FY2023-2024
<b>Revenues</b>				
<u>Program Revenues</u>				
Charges for services	\$ 19,700	\$ 18,753	\$ 947	5.0 %
Operating grants and contributions	29,650	29,112	538	1.8 %
Capital grants and contributions	99	303	(204)	(67.3) %
<u>General Revenues</u>				
Taxes	41,332	39,947	1,385	3.5 %
Other	3,733	2,911	822	28.2 %
<b>Total Revenues</b>	<b>94,514</b>	<b>91,026</b>	<b>3,488</b>	<b>3.8 %</b>
<b>Expenses</b>				
Medicaid	23,601	24,715	(1,114)	(4.5) %
Direct local aid	7,963	7,300	663	9.1 %
Health and human services	13,886	14,339	(453)	(3.2) %
Lottery	4,911	4,850	61	1.3 %
Higher education	6,402	6,161	241	3.9 %
Early elementary and secondary education	9,082	7,812	1,270	16.3 %
Unemployment compensation	2,215	1,890	325	17.2 %
Family and employment security trust	1,104	899	205	22.8 %
Other	21,912	19,185	2,727	14.2 %
<b>Total Expenses</b>	<b>91,076</b>	<b>87,150</b>	<b>3,925</b>	<b>4.5 %</b>
<b>Excess/(Deficiency)</b>				
Change in net position (deficits)	3,438	3,876	(438)	(11.3) %
Net position/(deficit) - beginning	(63,645)	(67,521)	3,876	(5.7) %
<b>Net position/(deficit) - ending</b>	<b>\$ (60,208)</b>	<b>\$ (63,645)</b>	<b>\$ 3,437</b>	<b>(5.4) %</b>

# MassDOT and Higher Education-Owned Assets

Assets Owned by MassDOT and Higher Education But Largely Financed by the Commonwealth  
Statement of Net Position, June 30, 2024  
(Amounts in millions of dollars)

	<i><b>Primary Government</b></i>				
	Governmental Activities	Business-Type Activities	Government-Wide Total	MassDOT and Higher Education	
Net investment in capital assets	\$ (2,334)	\$ 4,089	\$ 1,755	\$	31,107
Restricted for Unemployment Benefits, Family and Employment Security, Debt, Capital and Higher Education	2,244	3,494	5,738		1,684
Unrestricted (deficits)	(67,301)	(400)	(67,701)		93
Total net position (deficits)	\$ (67,391)	\$ 7,183	\$ (60,208)	\$	31,884

# Pension, OPEB, MSBA Liabilities Impact on Commonwealth Net Position

## Major Reasons for Government-Wide Net Position Deficit in FY2024 Annual Comprehensive Financial Report (\$60.208 billion)

- ★ Unfunded pension liability \$37.140 billion, net of deferrals, or amounts to be recognized in future years
- ★ Unfunded retiree health benefits (OPEB) of \$16.721 billion, net of deferrals
- ★ Massachusetts School Building Authority debt and grants payable of \$5.991 billion
- ★ Most of remainder is Commonwealth debt for road and bridge assets owned by MassDOT and for capital grants and expenditures for state authorities (e.g., Life Sciences Center) and cities and towns (e.g., Chapter 90 road and bridge grants, local housing authorities)

# New GASB Standards Implemented in FY2024

The GASB has issued the following Standards, which will be implemented in the following fiscal years:

★ **GASB Statement No. 100, Accounting Changes and Error Corrections**

An amendment of GASB Statement No. 62. The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends June 30, 2024.

# GASB Standards to be Implemented in FY2025

The GASB has issued the following Standards, which will be implemented in the following fiscal years:

- ★ **GASB Statement No. 101, Compensated Absences**

The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends June 30, 2025.

- ★ **GASB Statement No. 102, Certain Risk Disclosures**

The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends June 30, 2025.

The Commonwealth is evaluating the impact of these pronouncements.



# Thank You!

Questions?

Pauline Lieu, Assistant Comptroller/Chief Financial Reporting Officer  
pauline.lieu@mass.gov  
617-973-2668

## Agenda Item VI

### CLA Report to the Advisory Board

Chris Rogers, CPA   Managing Principal of Industry  
Mathew Goulet, CPA   Audit Manager  
CliftonLarsonAllen

(space for CLA report)

Agenda Item VII  
Board Discussion of the ACFR

Secretary Gorzkowicz

## Agenda Item VIII

### Steps to issuance of the ACFR

Comptroller McNamara

# Steps to issuance of the ACFR

From today's meeting, three sets of activities to issuance:

- ★ Proofing by the the Office of the Comptroller (CTR)
- ★ Finalization of CLA process and opinion letter
  - CTR is on standby to respond to any final questions or request to support the audit
- ★ Advisory Board to the Comptroller review
  - Following today's discussion, we plan for two days in which Board members can consider and pose questions to CTR (through end of business on Thursday, May 1)
- ★ Any material changes or concerns that are raised in the proofing and audit process, will be reported to the Advisory Board
- ★ Assuming that no issues arise or remain unresolved by end of day Thursday, we will issue not later than Friday

# Agenda Item IX

## Review of Comptroller Compensation

Thomas Smith-Vaughan  
COO, Office of the Comptroller

# Comptroller compensation: Advisory Board role

- ★ *Note: Comptroller McNamara will not participate during this agenda item*
- ★ Per M.G.L. c. 7A, § 1, the Advisory Board sets the compensation for the Comptroller:

Notwithstanding the provisions of chapter thirty the comptroller shall receive a salary as determined by the advisory board to the comptroller; provided, however, that the salary of the comptroller shall not be adjusted to reflect bond premiums nor shall such premiums be paid by or reimbursed by the office of the comptroller or with any state monies.  
(M.G.L. c. 7A, § 1, in part)

- ★ Last review by the Board and increase occurred in October 2021
- ★ Current compensation level is \$184.7k per year
- ★ Per the US Bureau of Labor Statistics, inflation has reduced the value of \$100.00 in October 2021 to \$86.49 as of March 2025 (latest data)



# Comptroller compensation: current state and proposal

## ★ At the current compensation level:

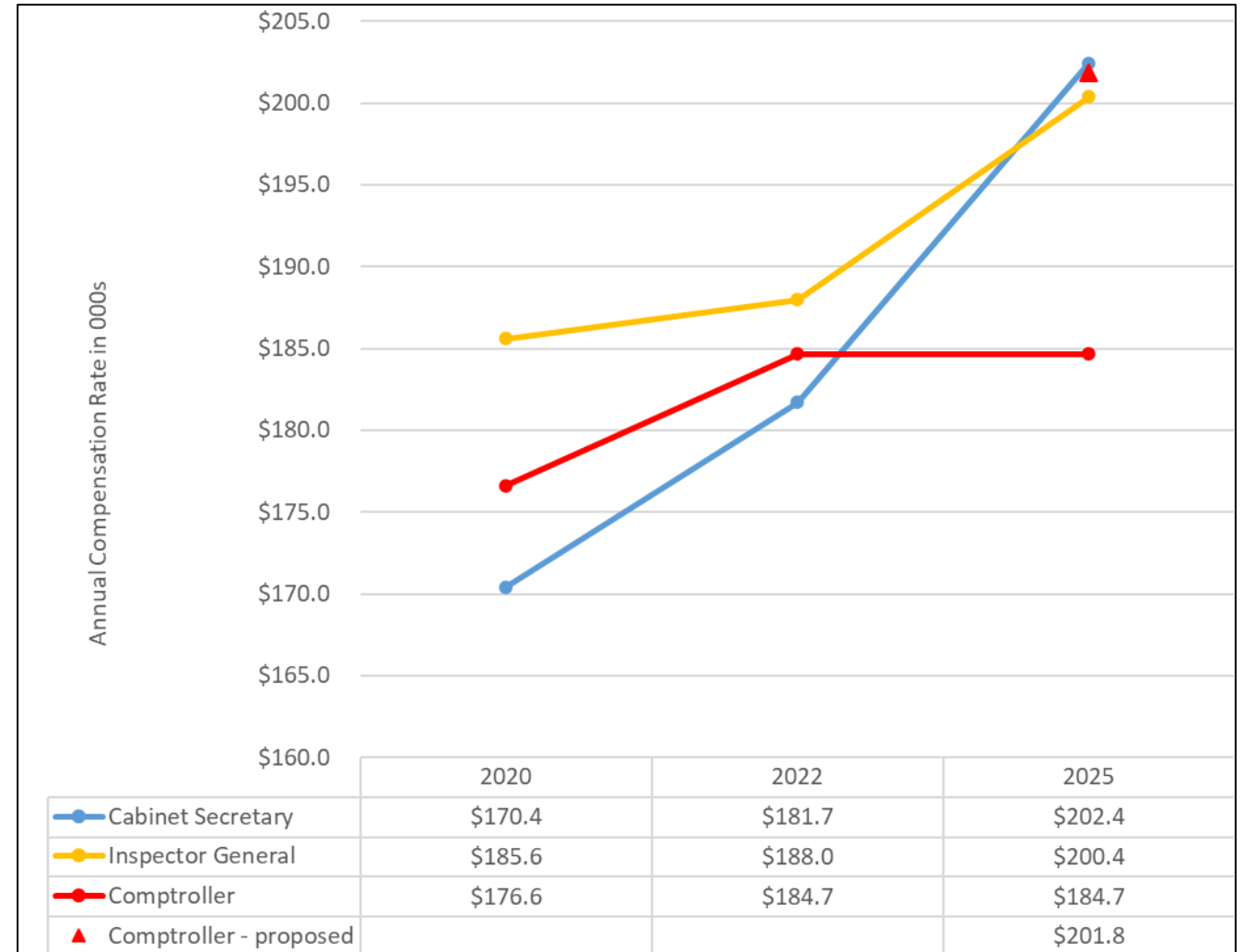
- “Collision” problem: competitive salaries for senior leadership in the Office of the Comptroller are near or at the level of Comptroller compensation
- Comptroller compensation has fallen materially behind that of comparable positions in state government, who have generally participated in increases from 2021 onward

## ★ Proposal for consideration by the Advisory Board:

- Suggested increase to return compensation to be aligned with comparable state roles (see the following page) at \$201.8k
- Office of the Comptroller will suggest compensation as an annual discussion item for Board, without necessarily assume changes will occur annually

# For Board consideration

- ★ Chart: comparable senior appointed professional compensation for context
- ★ For consideration: increase Comptroller compensation by \$17.2k to \$201.8k
- ★ 9.3% increase, less than the roughly 15.6% inflation rate over the period
- ★ Return to alignment with comparable positions



Agenda Item IX  
Timing of next meeting

Secretary Gorzkowicz  
Comptroller McNamara

Agenda Item XI  
Items not reasonably anticipated by the Chair

Secretary Gorzkowicz

## Agenda Item XII Adjournment

Secretary Gorzkowicz