

Meeting of the Advisory Board to the Comptroller

April 28, 2026



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**

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 Chair of the Advisory Board
II	Review and approval of the January 26, 2026 Advisory Board meeting minutes	Secretary Gorzkowicz
III	Remarks from the Chair	Secretary Gorzkowicz
IV	Updates on the Office of the Comptroller and the Fiscal Year 2025 reporting process	Comptroller William McNamara
V	Review of the Annual Comprehensive Financial Report (ACFR)	Pauline Lieu, Assistant Comptroller / Chief Financial Reporting Officer Howard Merkwitz, Senior Advisor
VI	CLA report to the Advisory Board	Christian Rogers, CPA Managing Principal of Industry Mathew Goulet, CPA Audit Manager
VII	Board discussion of the ACFR	Secretary Gorzkowicz
VIII	Steps to issuance of the ACFR	Comptroller McNamara
IX	Office of the Comptroller regulations review, pursuant to M.G.L. c. 7A § 15	Amy Nable, General Counsel / Assistant Comptroller, Office of the Comptroller
X	Timing outlook for next meeting	Comptroller McNamara
XI	Items not reasonably anticipated by the Chair	Secretary Gorzkowicz
XII	Meeting adjournment	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 28, 2026 at 12:30pm
Location:	Zoom
Meeting ID:	893 4187 9068
Passcode:	8228979
Link:	https://macomptroller.zoom.us/j/89341879068
Dial-in:	1-929-205-6099

Agenda Item I

(A) Call to Order

(B) Authorization for Remote Meeting

(C) Notice of Recording

Matthew Gorzkowicz

Secretary, Executive Office for Administration and Finance

Agenda Item II

Review and approval of minutes

Matthew Gorzkowicz
Secretary, Executive Office for Administration and Finance

Agenda Item III

Remarks from the Advisory Board Chair

Secretary Gorzkowicz

Agenda Item IV

Updates on the Office of the Comptroller
and the Fiscal Year 2025 reporting process

Comptroller William McNamara

Updates on the Office of the Comptroller:

Mosaic went live statewide on Monday February 23

- ★ After 6+ years of planning and 4+ years of intensive statewide effort, **the MMARS system was retired and Mosaic went live!**

- ★ The final months of preparation required:
 - **Thousands of IT and business professional work hours for BEST Program personnel and the Commonwealth's partner, CGI**
 - **Training thousands of MMARS users statewide on the new system**
 - **Building hundreds of how-to videos, job aids, website, and other support materials**
 - **Activating a fully-staffed "Mosaic Go-Live Help Desk" that took and resolved user questions**
 - **Performing data transformation and cleansing on vast amounts of required financial data from Fiscal 2023-2025 plus Fiscal Year 2026 YTD to bring into the new system**
 - **Identification of functionality that could safely be delivered "post go-live"**

Updates on the Office of the Comptroller:

Mosaic go-live was highly successful

- ★ Mosaic opened **with 3+ years of financial data & history at the most detailed level** (budgets, revenues, encumbrances, vendors, payment histories, etc.) **in place and ready for department use**
- ★ Cutover from MMARS to Mosaic required a “down week” in the system
 - **No interruption** in vital payments and transfers
 - Exemplary collaboration between BEST, Office of the Comptroller, Office of the Treasurer, and most importantly **dozens of individual departments statewide**
- ★ **Experienced none of the common implementation nightmares** (last-minute delays, missing data, extended downtimes in the first month)
- ★ Nothing is perfect...
 - Ongoing adjustments to roles/authorizations, transaction workflow, other items
 - Managing an important “downstream data” issue with impact on departments

Updates on the Office of the Comptroller:

Thanks to the hundreds – or thousands – who contributed

★ A statewide project with statewide contributors

- The **BEST Project Team** and our IT vendor partner, **CGI**
- Core IT operational partner (**EOTSS**) and financial processing partners (**Office of the Treasurer**)
- **Agency leadership, financial professionals, and IT experts in 175+ departments**

★ Executive support

- Executive sponsors: **Secretary Gorzkowicz of EOA&F, Secretary Snyder of EOTSS, Comptroller**
- **Office of the Governor** for years of commitment and support

★ And now on to Phase 2: Payroll and Human Capital

- **Chief Human Resources Officer Melissa Pullin** has joined as an Executive Sponsor
- **Workday** (software) and **Accenture** (implementation) selected as partners
- **Large-scale work has begun!**

Three major reporting requirements

SBFR	ACFR	Single Audit
Statutory Basis Financial Report	Annual Comprehensive Financial Report	Federal requirement
<ul style="list-style-type: none"> • Required under state law (M.G.L. c. 7A § 12) • Most other states have similar reports • Present the results of the prior fiscal year activity in the Commonwealth’s funds primarily on a cash, non-GAAP basis • Compute and certify the annual budget balance and end of fiscal year transfer to the Stabilization Fund • Disclose and report certain aspects of financial performance as directed by statute or judged relevant by the Comptroller 	<ul style="list-style-type: none"> • 50-state requirement (plus other local government entities) • Financial statements of a state, municipal or other governmental entity that comply with requirements promulgated by the Governmental Accounting Standards Board (GASB), which sets Generally Accepted Accounting Principles (GAAP) for those governments and entities • Key differences versus SBFR: Statements on a “modified accrual” basis; addition of multiple component units and other required information 	<ul style="list-style-type: none"> • Uniform Guidance: authoritative set of administrative and financial requirements for recipients of federal grants & funds • SEFA: Schedule of Expenditure of Federal Awards; details the use of federal funds across the state • Single Audit: Organization-wide financial statement and federal awards’ audit of entities that expend \$1 million or more in federal funds. Focused on internal controls and compliance with program requirements.
<ul style="list-style-type: none"> • Reviewed by the independent firm (CLA) 	<ul style="list-style-type: none"> • Audited by the independent firm (CLA) 	<ul style="list-style-type: none"> • Conducted by the independent firm (CLA)

Agenda Item V
Review of Annual Comprehensive Financial Report (ACFR)
for Fiscal Year 2025

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

Statutory Basis Financial Report (SBFR) Summary

- ★ **The SBFR was issued on January 28, 2026** 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 RTAs, 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 Stabilization Fund, if any.
- ★ On a statutory basis, **Fiscal Year 2025 ended with a budgetary fund balance of \$14.020 billion** and a “consolidated net surplus” of \$0, indicating a balanced budget. During the fiscal year, the balance of the Commonwealth Stabilization (or rainy day) Fund decreased by \$413 million, to \$8.111 billion

Fiscal Year 2025 Annual Comprehensive Financial Report (ACFR): Status of the ACFR and Bases of Presentation

★ Status of the ACFR

- The Office of the Comptroller has completed the ACFR
- CLA has concluded its audit and delivered the Independent Auditor's Report
- After Board review concludes, we expect to issue the Fiscal Year 2025 ACFR within the next few days
- The ACFR 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 Fiscal Year Annual Comprehensive Financial Report represented the 35th consecutive year that the Commonwealth's ACFR was awarded this 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

★ Fund perspective: key characteristics

- Similar to the SBFR in fund coverage but **includes trust funds not covered in the SBFR**
- The **MSBA** (Massachusetts School Building Authority) is incorporated into the statements as a “blended” component unit
- Purpose: to measure a **government’s ability to meet obligations from “currently available” resources** (i.e., from 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)
 - 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

★ Government-wide perspective: key characteristics

- **Treats government** according to accounting rules **similar to private businesses accounting**
- **Includes business-type activities** such as Unemployment Insurance, the Paid Family and Medical Leave (PFML), and the Institutions of Higher Education in the Commonwealth's net position (formerly called 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 Fiscal Year 2015 and Fiscal Year 2018, 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 Fiscal Year 2025, these liabilities are measured as of June 30, 2024
- ★ For Fiscal Year 2025, the Commonwealth's net pension liability on a government-wide basis (including business-type activities) was approximately **\$36.272 billion** (net of deferrals) and the net OPEB liability was approximately **\$15.711 billion** (net of deferrals), a decline in the liability of \$1.879 billion

ACFR Fund Perspective: Balance Sheet

Balance Sheet
Governmental Funds
June 30, 2025
(Amounts in millions)

	General	Lotteries	Massachusetts School Building Authority	Federal Grants	Other Governmental Funds	Total
Total assets	\$ 20,223	\$ 434	\$ 2,591	\$ 680	\$ 10,848	\$ 34,776
Total liabilities and deferred inflows of resources.....	7,381	40	283	575	4,326	12,605
Fund balances:						
Nonspendable	—	393	—	—	—	393
Restricted.....	—	—	663	104	1,382	2,148
Committed.....	8,111	—	—	—	5,526	13,637
Assigned.....	1,426	1	1,646	—	1,495	4,567
Unassigned (deficits)	3,306	—	—	—	(1,880)	1,426
Fund balances.....	\$ 12,842	\$ 394	\$ 2,308	\$ 104	\$ 6,522	\$ 22,170

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

Governmental Funds (Fund Perspective – Modified Accrual Basis)

Fiscal Year Ended June 30, 2025

(in millions of dollars)

	General	Lotteries	Mass School Building Authority	Federal Grants	Other Governmental Funds	Total FY2025	Total FY2024
Total revenues	\$ 61,908	\$ 5,992	\$ 1,402	\$ 6,997	\$ 12,018	\$ 88,317	\$ 86,383
Total other financing sources	2,650	—	9	15	15,622	18,296	18,602
Total revenues & other financing sources	64,558	5,992	1,411	7,012	27,640	106,613	104,985
Total expenditures	58,604	4,852	1,177	6,842	20,623	92,099	87,312
Total other financing uses	8,563	1,197	—	163	5,967	15,891	13,137
Total expenditures & other financing uses	67,167	6,050	1,177	7,005	26,590	107,990	100,449
Net change in fund balances	(2,609)	(58)	234	6	1,049	(1,377)	4,537
Fund balances at beginning of year	15,451	452	2,074	98	5,473	23,547	19,010
Fund balances at end of year	\$ 12,842	\$ 394	\$ 2,308	\$ 104	\$ 6,522	\$ 22,170	\$ 23,547

New GASB Standards Implemented in Fiscal Year 2025

★ The following GASB Standards were implemented in Fiscal Year 2025:

- **GASB Statement No. 101, Compensated Absences:** updated the recognition and measurement guidance for compensated absences. This statement has no impact on the previously reported net position for governmental activities as reporting was already in conformance with the new standard. However, there was an impact on the previously reported net position for business-type activities and discretely presented component units. Please see table on page 82 of the ACFR for further information.
- **GASB Statement No. 102, Certain Risk Disclosures:** intended to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. This required an additional explanation in the footnotes to the financial statements but had no impact on the statements themselves.

ACFR Government-Wide Net Position

Net Position as of June 30, 2025 and 2024 (in millions of dollars)

	Governmental Activities		Business-Type Activities		Total Primary Govt	
	June 30, 2025	June 30, 2024	June 30, 2025	June 30, 2024*	June 30, 2025	June 30, 2024*
Current assets	\$ 30,533	\$ 31,405	\$ 7,821	\$ 8,260	\$ 38,354	\$ 39,665
Non-capital non-current assets.....	2,981	3,095	3,868	3,615	6,849	6,710
Capital assets.....	6,191	6,443	9,792	9,739	15,983	16,182
Total assets	39,706	40,943	21,481	21,613	61,187	62,556
Deferred outflows of resources	7,415	8,907	445	573	7,860	9,480
Total assets and deferred outflows	47,121	49,850	21,926	22,186	69,047	72,036
Current liabilities.....	13,029	12,572	2,379	2,214	15,408	14,785
Long term liabilities.....	96,774	97,232	9,624	10,506	106,398	107,738
Total liabilities	109,803	109,803	12,003	12,720	121,806	122,523
Deferred inflows of resources.....	6,480	7,438	1,912	2,314	8,392	9,751
Total liabilities and deferred inflows	116,282	117,241	13,915	15,034	130,197	132,274
Net Position:						
Net investment in capital assets	(3,069)	(2,347)	4,148	4,089	1,079	1,742
Restricted	2,088	2,244	3,181	3,494	5,269	5,738
Unrestricted	(68,181)	(67,288)	682	(431)	(67,499)	(67,719)
Total Net Position	\$ (69,161)	\$ (67,391)	\$ 8,011	\$ 7,153	\$ (61,151)	\$ (60,238)

* As restated, see note 1T on page 81-82 - Business - type activities

Government-wide changes in Net Position between June 30, 2024 and June 30, 2025

	(in millions of dollars)			
	June 30, 2025	June 30, 2024	\$ Change, FY24-25	% Change, FY24-25
Revenues				
Program Revenues:				
Charges for services	\$ 20,542	\$ 19,700	\$ 842	4.3 %
Operating grants and contributions	27,625	29,650	(2,025)	(6.8)%
Capital grants and contributions	155	99	56	56.6 %
<u>General Revenues</u>				
Taxes	44,909	41,332	3,577	8.7 %
Other	3,474	3,733	(259)	(6.9)%
Total Revenues	96,705	94,514	2,191	2.3 %
Expenses				
Medicaid	26,323	23,601	2,722	11.5 %
Direct local aid	8,266	7,963	303	3.8 %
Health and human services	15,274	13,886	1,388	10.0 %
Lottery	4,796	4,911	(115)	(2.3)%
Higher education	6,966	6,404	562	8.8 %
Early elementary and secondary education	8,437	9,082	(645)	(7.1)%
Unemployment compensation	2,146	2,215	(69)	(3.1)%
Family and employment security trust	1,295	1,104	191	17.3 %
Other	24,115	21,912	2,203	10.1 %
Total Expenses	97,618	91,078	6,540	7.2 %
Excess/(Deficiency)				
Change in net position (deficits)	(913)	3,435	(4,348)	(126.6)%
Net position/(deficits) - beginning, as previously reported	(60,208)	(63,645)	3,437	(5.4)%
Prior period restatements - Note 1T - GASB 101	(30)	(28)	(2)	7.1 %
Net position/(deficits) - beginning, as restated	(60,238)	(63,673)	3,435	(5.4)%
Net position/(deficit) - ending	\$ (61,151)	\$ (60,238)	(913)	1.5 %

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, 2025

(Amounts in millions of dollars)

	<i>Primary Government</i>			
	Governmental Activities	Business-Type Activities	Government- Wide Total	MassDOT and Higher Education
Net investment in capital assets	\$ (3,069)	\$ 4,148	\$ 1,079	\$ 30,888
Restricted for Unemployment Benefits, Family and Employment Security, Debt, Capital and Higher Education	2,089	3,181	5,269	2,455
Unrestricted (deficits)	(68,181)	682	(67,499)	799
Total net position (deficits)	\$ (69,161)	\$ 8,011	\$ (61,151)	\$ 34,142

Pension, OPEB, MSBA Liabilities Impact on Commonwealth Net Position

★ Major Reasons for Government-Wide Net Position Deficit in Fiscal Year 2025 Annual Comprehensive Financial Report (\$61.151 billion):

- **Unfunded pension liability \$36.272 billion**, net of deferrals (or amounts to be recognized in future years)
- **Unfunded retiree health benefits (OPEB) of \$15.711 billion**, net of deferrals
- **MSBA** (Massachusetts School Building Authority) debt and grants payable of **\$5.773 billion**
- Most of remainder (total \$3.395) is:
 - Commonwealth debt for road and bridge assets owned by MassDOT
 - Capital grants and expenditures for state authorities (e.g., Life Sciences Center) and for cities and towns (e.g., Chapter 90 road and bridge grants, local housing authorities)

GASB Standards to be implemented in Fiscal Years 2026 and 2027

★ **Statement No. 103 -- Financial Reporting Model Improvements (Fiscal Year 2026 implementation)**

- Updates the financial reporting model for the Management Discussion and Analysis (MD&A) and information presented for the proprietary funds and component units
- Requires, among other things, that the **MD&A be streamlined and provide reasons for changes to financial position** rather than simply presenting the amounts or percentages by which they changed
- Office of the Comptroller will analyze how the current ACFR structure conforms with the new standard and make any required changes.

★ **Statement No. 104 -- Disclosure of Certain Capital Assets (Fiscal Year 2026 implementation)**

- Requires capital assets to be broken out in more detail in the capital assets footnote
- The Commonwealth may already provide much of this detail; we will analyze whether any changes to the current disclosures are required

★ **Statement No. 105 -- Subsequent Events (Fiscal Year 2027 implementation)**

- Clarifies the type of events that should be disclosed in the financial statement footnotes to provide consistency and comparability of the ACFR across issuers
- Expected to have a minor or no impact on the Commonwealth's reporting

Thank You!

Agenda Item VI
CLA Report to the Advisory Board

Chris Rogers, CPA
Managing Principal of Industry

Mathew Goulet, CPA
Audit Manager

CliftonLarsonAllen

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

- ★ By April 27: Draft ACFR emailed to Advisory Board members
- ★ April 28: Advisory Board meeting and review of the ACFR
- ★ April 29 and through noon April 30:
Time held for any individual questions from Advisory Board members
- ★ By end of day April 30: Target for issuance of the ACFR

Agenda Item IX
Office of the Comptroller regulations review

Amy Nable, General Counsel / Assistant Comptroller
Office of the Comptroller

Advisory Board review of proposed changes to regulations

★ Office of the Comptroller Regulation Authorization

- M.G.L. c. 7A § 2 - “The advisory board shall be responsible for reviewing any rules or regulations promulgated by the comptroller prior to their implementation.”
- M.G.L. c. 7A § 15 - “Subject to prior review by the advisory board to the comptroller, the comptroller is hereby authorized to promulgate rules and regulations to carry out his responsibilities under the provisions of this chapter or other applicable laws. Such rules and regulations shall not be subject to the provisions of chapter thirty A.”

★ Proposed Revisions. Last updates were April 2014; some sections last updated 2002.

- Phase 1 (for review today)
 - Replacement of “MMARS” with “Mosaic”
 - Repeal 815 CMR 3.00 (Ready payment system)
- Phase 2 (future meeting)
 - Comprehensive review and revision

Agenda Item X

Timing for next meeting

Secretary Gorzkowicz
Comptroller McNamara

Timing for next meeting

	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025
SBFR Document date	02/16/2024	02/14/2025	01/28/2026
ACFR Document date	05/28/2024	04/29/2025	04/23/2026*
Single Audit Advisory Board meeting date	07/11/2024	07/17/2025	Target: not later than 05/21/2026
* The Fiscal Year 2025 ACFR will not be issued until Advisory Board review is complete, but it is expected to have a document date of 04/23/2026 barring unforeseen issues.			

Agenda Item XI
Items not anticipated by the Chair

Secretary Gorzkowicz

Agenda Item XII Adjournment

Secretary Gorzkowicz