

# Meeting of the Advisory Board to the Comptroller

May 31, 2024



OFFICE OF THE COMPTROLLER  
COMMONWEALTH OF MASSACHUSETTS

# Advisory Board to the Comptroller

## Statutory Members

- ★ **Matthew Gorzkowicz**, Secretary of Administration and Finance (Chair)
- ★ **Diana DiZoglio**, State Auditor
- ★ **Deborah B. Goldberg**, Treasurer and Receiver General
- ★ **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 Monroe**, Chief Administrative Magistrate, Division of Administrative Law Appeals

# Agenda

- I. Call to order; authorization for remote meeting**  
Matthew Gorzkowicz, Secretary, Executive Office for Administration and Finance
- II. Review and approval of the prior Advisory Board Meeting Minutes**  
Matthew Gorzkowicz, Secretary, Executive Office for Administration and Finance
- III. Remarks from the Chair**  
Matthew Gorzkowicz, Secretary, Executive Office for Administration and Finance
- IV. Reporting Overview from the Comptroller**  
William McNamara, Comptroller of the Commonwealth
- V. Review of the Annual Comprehensive Financial Report (ACFR)**  
Howard Merkowitz, Senior Advisor
- VI. CliftonLarsonAllen (CLA) Report to the Board**  
Christian Rogers, CPA, Managing Principal, and colleagues
- VII. Items not reasonably anticipated by the Chair**  
Matthew Gorzkowicz, Secretary, Executive Office for Administration and Finance
- VIII. Timing outlook for next meeting**  
Matthew Gorzkowicz, Secretary, Executive Office for Administration and Finance
- IX. Meeting adjournment**  
Matthew Gorzkowicz, Secretary, Executive Office for Administration and Finance

# Meeting Information

On March 29, 2023, Governor Healey signed into law a supplemental budget bill which, among other things, extends certain temporary provisions pertaining to the Open Meeting Law until March 31, 2025. 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.

**Date and Time:** May 31, 2024 at 12:30pm

**Location:** Zoom

**Meeting ID:** 849 7637 8862

**Passcode:** 168178

**Link:** <https://macomptroller.zoom.us/j/84976378862?pwd=Qk9xNERraldpL0hKWDg4SkZ3eVEzUT09&from=addon>

**Dial-in:** 929-205-6099 (alternative to online)

**Agenda Item I**  
**Call to order and**  
**Authorization for remote meeting**

**Matthew Gorzkowicz**  
**Secretary, Executive Office for Administration and Finance**

**Agenda Item II**  
**Review and approval of the prior  
Advisory Board Meeting minutes**

**Matthew Gorzkowicz**  
**Secretary, Executive Office for Administration and Finance**

# Agenda Item III

## Remarks from the Chair

**Matthew Gorzkowicz**  
**Secretary, Executive Office for Administration and Finance**

# Agenda Item IV

## Reporting Overview from the Comptroller

**William McNamara**  
**Comptroller**



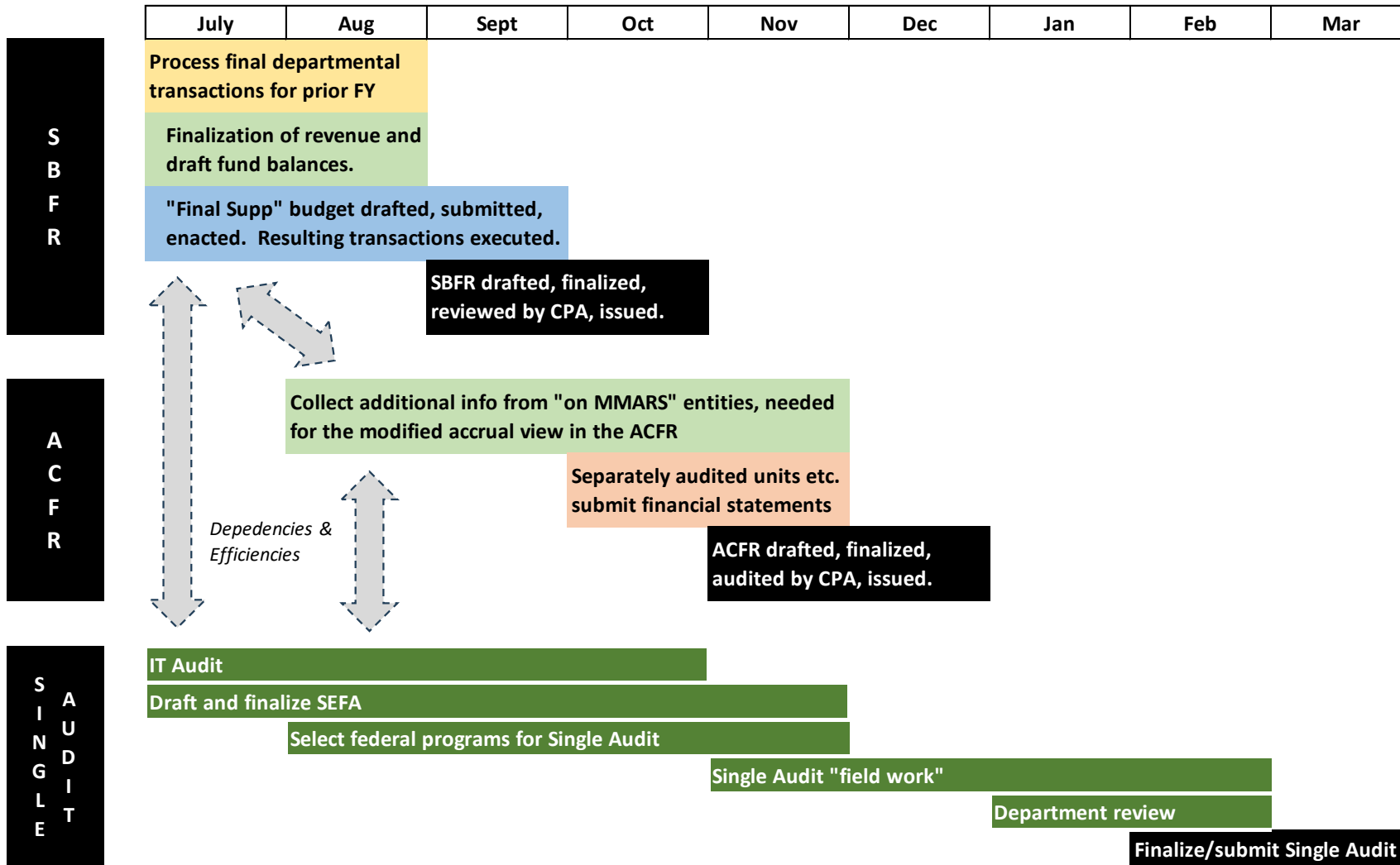
# Comptroller's Report: key take-aways

- ★ **The Commonwealth ended Fiscal 2023 in a sound financial condition**
  - Previously reflected in the Statutory Basis Financial Report (SBFR)
  - Confirmed in today's Annual Comprehensive Financial Report (ACFR), which includes a modified accrual view and broader set of Commonwealth entities
- ★ All required transactions and transfers for Fiscal Year 2023 have been faithfully executed and accurately reported
- ★ Financial controls and anti-fraud measures were maintained throughout FY2023
- ★ The timing of financial reports remains a concern, with two distinct drivers:
  - Late timing of the “closing supp” budget to end the Fiscal Year, with a direct impact on the SBFR and follow-on impact on the ACFR
  - Delayed reporting from component units, which directly and substantially delays the ACFR

# Three major reporting requirements

SBFR	ACFR	Single Audit
<b>Statutory Basis Financial Report</b>	<b>Annual Comprehensive Financial Report</b>	<b>A step in a series of federal requirements</b>
<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 <b>cash, non-GAAP basis</b></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 <b>Generally Accepting Accounting Principles (GAAP)</b> for those governments and entities.</li> <li><b>Includes entities (“component units”) and activities that are not reported in the SBFR.</b> Examples include Higher Education and various authorities.</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 by state-level entities.</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><u>Reviewed</u> by the independent CPA firm</li> </ul>	<ul style="list-style-type: none"> <li><u>Audited</u> by the independent CPA firm</li> </ul>	<ul style="list-style-type: none"> <li><u>Conducted</u> by the independent CPA firm</li> </ul>

# Simplified view of ideal workflow and timing



# Component unit reporting is key to the ACFR

- ★ Number of component units illustrated in these pages from FY2022 ACFR →
- ★ For separately audited entities, the Comptroller and CLA rely on the financial staff of each unit and its respective independent CPA firm
- ★ Contrast with the core functions and departments of state government:
  - The Comptroller manages the financial systems and can produce reporting within a few weeks of year-end
  - CLA can sample, test, and audit directly from our systems
- ★ Most units provide complete, audited financial reports within the required time
- ★ A single delay in reporting from a material component unit can delay the ACFR

Notes to the Basic Financial Statements Fiscal Year Ended June 30, 2022

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on August 20, 2020, the Commonwealth withdrew its prior request for a closing agreement. This matter remains pending.

**14. COMPONENT UNITS AND DETAILS OF DEPARTMENTS AND ENTITIES THAT ARE SEPARATELY AUDITED**

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The Commonwealth has also considered all potential component units for which it is financially accountable as well as other organizations for which the nature and significance of their relationship with the Commonwealth is such that exclusion would cause the Commonwealth's financial statements to be misleading or incomplete. As required by GAAP, these financial statements present the Commonwealth of Massachusetts (the primary government) and its component units. The Commonwealth has included 41 entities as component units in the reporting entity because of the significance of their operational and/or financial relationships with the Commonwealth. Details of those entities' operations can be found in those entities' basic financial statements and notes to those entities' basic financial statements.

The following entities are presented in the basic financial statements (all having a June 30, 2022 fiscal year end) (entities marked with an \* are not legally separate from the Commonwealth but have separately audited financial statements). Entities that are marked with a § also were not audited in accordance with *Governmental Auditing Standards* as promulgated by the Comptroller General of the United States.

**Entities Audited by CliftonLarsonAllen (CLA):**  
The Massachusetts Clean Water Trust

**Entities Audited by Other Auditors:**  
The Pension Reserves Investment Trust Fund (PRIT)  
\*The Massachusetts State Lottery Commission  
The Massachusetts Department of Transportation (MassDOT)  
Massachusetts Bay Transportation Authority (MBTA)  
Commonwealth Health Insurance Connector Authority  
\*§The Massachusetts Municipal Depository Trust (MMDT)  
\*The University of Massachusetts System  
University of Massachusetts Foundation, Inc.  
The Massachusetts School Building Authority (MSBA)  
\*State Universities:  
Bridgewater State University  
Fitchburg State University  
Framingham State University  
Massachusetts College of Art  
Massachusetts Maritime Academy  
Massachusetts College of Liberal Arts  
Salem State University  
Westfield State University  
Worcester State University  
The Massachusetts State College Building Authority

\*Community Colleges:  
Berkshire Community College  
Bristol Community College  
Bunker Hill Community College  
Cape Cod Community College  
Greenfield Community College  
Holyoke Community College  
Massasoit Community College  
Massachusetts Bay Community College

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Notes to the Basic Financial Statements Fiscal Year Ended June 30, 2022

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Middlesex Community College  
Mount Wachusett Community College  
Northern Essex Community College  
North Shore Community College  
Quinsigamond Community College  
Roxbury Community College  
Springfield Technical Community College

**Nonmajor Discretely Presented Component Units:**  
Massachusetts Convention Center Authority (MCCA)  
Massachusetts Development Finance Agency (MassDevelopment)  
Massachusetts Technology Park Corporation (MTPC)  
Massachusetts Clean Energy Center (CEC)  
Massachusetts Housing Partnership (MHP)

**Economic Development Entities (5 separate entities):**  
§Massachusetts Growth Capital Corporation (MGCC)  
Commonwealth Corporation  
Community Economic Development Assistance Corporation (CEDAC)  
Massachusetts Life Sciences Center  
Commonwealth Zoological Corporation (Zoo)

**Higher Education Foundations (25 separate entities):**  
Bridgewater State University Foundation:  
The Bridgewater State University Foundation  
The Bridgewater Alumni Association of Bridgewater State University  
Fitchburg State University Foundation, Inc.  
Framingham State University Foundation, Inc.  
Massachusetts College of Art Foundation, Inc.  
Massachusetts College of Liberal Arts Foundation, Inc.  
The Massachusetts Maritime Academy Foundation, Inc.  
Salem State University Foundation:  
The Salem State University Foundation, Inc.  
Salem State University Assistance Corporation  
Westfield State University Foundation, Inc.  
Worcester State Foundation

Berkshire Community College Foundation  
Bristol Community College Foundation  
Bunker Hill Community College Foundation  
Cape Cod Community College Educational Foundation, Inc.  
Greenfield Community College Foundation, Inc.  
Holyoke Community College Foundation  
Massachusetts Bay Community College Foundation, Inc.  
Massasoit Community College Foundation  
Middlesex Community College Foundation, Inc.  
North Shore Community College Foundation  
Springfield Technical Community College Foundation  
Springfield Technical Community College Assistance Corporation  
The Mount Wachusett Community College Foundation, Inc.  
The Northern Essex Community College Foundation, Inc.  
The Quinsigamond Community College Foundation, Inc.  
The Roxbury Community College Foundation, Inc.

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# Observations on delayed component unit financials

## ★ Financial staffing

- Many component units are relatively small, with correspondingly small financial staffs
- Turnover, illness, and retirement have impacted several units
- Limited supply of experienced, qualified applicants

## ★ Reliance on independent audit firms

- CPA firms often provide valuable institutional memory and guidance
- Turnover and industry consolidation has impacted some CPA firms

## ★ New GASB requirements

- Implementation of new GASB requirements (leases, subscription-based software, etc.) have made recent reporting years more difficult for some units

# Context, prevention, and management of delay situations

## ★ Two important context items

- The SBFR provides information on the core Commonwealth financials earlier in the cycle; this does not excuse the ACFR delay, but it prevents an information void in the interim.
- The entities driving the final ACFR timing delay have been different each year, rather than repeats. While that's a positive, we need to prevent wider slippage in dates.

## ★ Prevention and management efforts for Fiscal Year 2024

- Direct, individual communication from the Comptroller to the CEO/CFO of each unit in July 2024 on expectations and deadlines
- Check-ins in August, September, and early October, in advance of the October 31 deadline
- At the first sign of trouble, escalate to weekly meetings on status and problem resolution
- Enhance communication to A&F and Ways & Means about entities that are failing to meet requirements

**Agenda Item V**  
**Review of the Annual Comprehensive Financial Report**

**PRESENTING: Howard Merkowitz, Senior Advisor**  
**PREPARED BY: Pauline Lieu, Assistant Comptroller/Chief Financial Reporting Officer**

# Fiscal Year 2023 Annual Comprehensive Financial Report

- ★ The SBFR was issued on February 16, 2024 and was reviewed, not audited, by CliftonLarsonAllen (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 Stabilization Fund, if any
- ★ On a statutory basis, FY2023 ended with a budgetary fund balance of \$15.338 billion and a balanced budget (a “consolidated net surplus” of exactly \$0). During the fiscal year, the balance of the Commonwealth Stabilization (“Rainy Day”) Fund increased by \$1.098 billion, to \$8.036 billion



# Fiscal Year 2023 Annual Comprehensive Financial Report

- ★ We expect the FY2023 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 FY2022 Annual Comprehensive Financial Report represented the 33rd 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

# Fiscal Year 2023 Annual Comprehensive Financial Report

## 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.

# Fiscal Year 2023 Annual Comprehensive Financial Report

## 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, 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

# Fiscal Year 2023 Annual Comprehensive Financial Report

- ★ 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 FY2023, these liabilities are measured as of June 30, 2022.
- ★ For FY2023, the Commonwealth's net pension liability on a government-wide basis (including business-type activities) was approximately \$37.158 billion (net of deferrals) and the net OPEB liability was approximately \$17.624 billion (net of deferrals)

# Fiscal Year 2023 Annual Comprehensive Financial Report

**Balance Sheet**  
Governmental Funds  
June 30, 2023  
(Amounts in millions of dollars)

	<b>General</b>	<b>Lotteries</b>	<b>Massachusetts School Building Authority</b>	<b>Federal Grants</b>	<b>Federal COVID-19 Response</b>	<b>Other Governmental Funds</b>	<b>Total</b>
Total assets	\$ 21,296	\$ 573	\$ 2,064	\$ 750	\$ 2,357	\$ 6,466	\$ 33,507
Total Liabilities & Deferred Inflows	6,681	46	227	650	2,357	4,535	14,496
Fund balances:							
Nonspendable	—	526	—	—	—	—	526
Restricted	—	—	639	100	—	185	925
Committed	8,036	—	—	—	—	5,085	13,121
Assigned	2,323	1	1,198	—	—	146	3,668
Unassigned (includes deficits)	4,256	—	—	—	—	(3,486)	770
Fund balances	<u>\$ 14,615</u>	<u>\$ 527</u>	<u>\$ 1,838</u>	<u>\$ 100</u>	<u>\$ —</u>	<u>\$ 1,930</u>	<u>\$ 19,010</u>

# Fiscal Year 2023 Annual Comprehensive Financial Report

## Governmental Funds

(Fund Perspective – Modified Accrual Basis)

Fiscal Year Ended June 30, 2023

(Amounts in millions of dollars)

	General	Lotteries	Mass School Building Authority	Federal Grants	Federal COVID-19 Response	Other Governmental Funds	Total FY2023	Total FY2022
Total revenues	\$ 56,705	\$ 6,159	\$ 1,320	\$ 8,473	\$ 998	\$ 9,922	\$ 83,578	\$ 81,193
Total other financing sources	2,365	—	—	6	—	7,941	10,311	10,648
<b>Total revenues &amp; other financing sources</b>	<b>59,070</b>	<b>6,159</b>	<b>1,320</b>	<b>8,479</b>	<b>998</b>	<b>17,863</b>	<b>93,889</b>	<b>91,841</b>
Total expenditures	53,773	4,940	1,186	8,357	998	14,039	83,293	77,782
Total other financing uses	4,614	1,308	—	128	—	3,460	9,511	9,743
<b>Total expenditures &amp; other financing uses</b>	<b>58,387</b>	<b>6,248</b>	<b>1,186</b>	<b>8,485</b>	<b>998</b>	<b>17,499</b>	<b>92,804</b>	<b>87,525</b>
Net change in fund balances	683	(89)	134	(6)	—	364	1,085	4,316
Fund balances at beginning of year	13,932	616	1,704	106	—	1,566	17,925	17,925
<b>Fund balances at end of year</b>	<b>\$ 14,615</b>	<b>\$ 527</b>	<b>\$ 1,838</b>	<b>\$ 100</b>	<b>\$ —</b>	<b>\$ 1,930</b>	<b>\$ 19,010</b>	<b>\$ 18,133</b>

# Fiscal Year 2023 Annual Comprehensive Financial Report

## Net Position

As of June 30, 2023 and 2022  
(Amounts in millions of dollars)

	Governmental Activities		Business-Type Activities		Total Primary Govt	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022*	June 30, 2023	June 30, 2022*
Current assets	\$ 28,095	\$ 31,533	\$ 8,971	\$ 7,917	\$ 37,066	\$ 39,451
Non-capital non-current assets	2,628	2,701	3,364	3,267	5,992	5,968
Capital assets	6,168	6,091	9,457	9,306	15,625	15,397
<b>Total assets</b>	<b>36,892</b>	<b>40,325</b>	<b>21,792</b>	<b>20,490</b>	<b>58,683</b>	<b>60,815</b>
Deferred outflows of resources	8,069	9,819	726	600	8,795	10,420
<b>Total assets and deferred outflows</b>	<b>44,961</b>	<b>50,144</b>	<b>22,518</b>	<b>21,091</b>	<b>67,479</b>	<b>71,235</b>
Current liabilities	13,551	18,114	2,440	3,314	15,991	21,428
Long term liabilities	92,357	88,651	11,740	9,913	104,097	98,564
<b>Total liabilities</b>	<b>105,908</b>	<b>106,765</b>	<b>14,180</b>	<b>13,227</b>	<b>120,088</b>	<b>119,992</b>
Deferred inflows of resources	8,820	16,137	2,216	2,529	11,036	18,667
<b>Total liabilities and deferred inflows</b>	<b>114,728</b>	<b>122,902</b>	<b>16,396</b>	<b>15,757</b>	<b>131,124</b>	<b>138,659</b>
Net Position:						
Net investment in capital assets	(1,261)	(1,783)	3,972	3,762	2,711	1,979
Restricted	925	1,286	2,906	2,175	3,831	3,461
Unrestricted	(69,431)	(72,260)	(757)	(603)	(70,188)	(72,864)
<b>Total Net Position</b>	<b>\$ (69,767)</b>	<b>\$ (72,758)</b>	<b>\$ 6,122</b>	<b>\$ 5,334</b>	<b>\$ (63,645)</b>	<b>\$ (67,424)</b>

\*As restated

# Fiscal Year 2023 Annual Comprehensive Financial Report

## Government-Wide Changes in Net Position

During the Fiscal Years June 30, 2023 and 2022

(Amounts in millions of dollars)

	June 30, 2023	June 30, 2022 *	\$ Change, FY2022-2023	% Change, FY2022-2023
<b>Revenues</b>				
<u>Program Revenues:</u>				
Charges for services	\$ 18,747	\$ 18,389	\$ 358	1.9 %
Operating grants and contributions	29,121	32,134	(3,013)	(9.4)%
Capital grants and contributions	303	310	(7)	(2.3)%
<u>General Revenues</u>				
Taxes	39,947	39,804	143	0.4 %
Other	2,911	1,095	1,816	165.8 %
<b>Total Revenues</b>	<b>91,029</b>	<b>91,731</b>	<b>(703)</b>	<b>(0.8)%</b>
<b>Expenses</b>				
Medicaid	24,715	22,065	2,650	12.0 %
Direct local aid	7,300	6,759	541	8.0 %
Health and human services	14,339	13,786	553	4.0 %
Lottery	4,850	4,651	199	4.3 %
Higher education	6,164	5,773	391	6.8 %
Early elementary and secondary education	7,812	6,962	850	12.2 %
Unemployment compensation	1,890	3,904	(2,014)	(51.6)%
Family and employment security trust	899	686	213	31.0 %
Other	19,185	18,772	413	2.2 %
<b>Total Expenses</b>	<b>87,154</b>	<b>83,357</b>	<b>3,796</b>	<b>4.6 %</b>
<b>Excess/(Deficiency)</b>				
Change in net position (deficits)	3,875	8,374	(4,499)	(53.7)%
Net position/(deficit) - beginning (as restated)	(67,521)	(75,798)	8,277	(10.9)%
Net position/(deficit) - ending (as restated)	\$ (63,645)	\$ (67,424)	3,779	(5.6)%



# Fiscal Year 2023 Annual Comprehensive Financial Report

## Assets Owned by MassDOT and Higher Education but Largely Financed by the Commonwealth

Statement of Net Position, June 30, 2023

(Amounts in millions of dollars)

### *Primary Government*

	Governmental Activities	Business-Type Activities	Government-Wide Total	Component Units
Net investment in capital assets	\$ (1,261)	\$ 3,972	\$ 2,711	\$ 37,045
Restricted for Unemployment Benefits, Family and Employment Security, Debt, Capital and Higher Education	925	2,907	3,832	5,941
Unrestricted (deficits)	(69,431)	(757)	(70,188)	(3,216)
Total net position (deficits)	\$ (69,767)	\$ 6,122	\$ (63,645)	\$ 39,770

# Fiscal Year 2023 Annual Comprehensive Financial Report

## Major Reasons for Government-Wide Net Position Deficit in FY2023 Annual Comprehensive Financial Report (\$63.645 billion)

- ★ Unfunded pension liability \$37.158 billion, net of deferrals, or amounts to be recognized in future years
- ★ Unfunded retiree health benefits (OPEB) of \$17.624 billion, net of deferrals
- ★ School Building Authority debt and grants payable of \$6.125 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)

# Fiscal Year 2023 Annual Comprehensive Financial Report

The GASB has issued the following Standards which have been implemented in Fiscal Year 2023:

★ **Statement No. 87, Leases**

This is effective for FY2022 and changes accounting and financial reporting requirements for leases.

The Statement eliminates the concept of operating leases and instead accounts for all leases as capital financing arrangements.

★ **Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements**

Effective FY2023.

★ **Statement No. 96, Subscription-Based Information Technology Arrangements**

Effective FY2023 and implemented in this ACFR. Similar to the GASB 87 Lease Accounting Standard.

# Fiscal Year 2023 Annual Comprehensive Financial Report

The GASB has issued the following Standards which will be implemented in following Fiscal Years:

★ **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.

★ **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.

★ **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.

# Fiscal Year 2023 Annual Comprehensive Financial Report

**Thank you!**

**Questions?**

**Pauline Lieu, Assistant Comptroller/Chief Financial Reporting Officer**  
[pauline.lieu@mass.gov](mailto:pauline.lieu@mass.gov)  
617-973-2668

**Agenda Item VI**  
**CLA Report to the Advisory Board**

**Chris Rogers, Managing Principal of Industry**  
**CliftonLarsonAllen**

**Agenda Item VII**  
**Items not reasonably anticipated by the Chair**

**Matthew Gorzkowicz**  
**Secretary, Executive Office for Administration and Finance**

**Agenda Item VIII**  
**Timing outlook for next meeting**

**Matthew Gorzkowicz**  
**Secretary, Executive Office for Administration and Finance**



Agenda Item IX  
Meeting Adjournment

Matthew Gorzkowicz  
Secretary, Executive Office for Administration and Finance