

The Meeting will start momentarily

Administration, Finance and Personnel Committee
Thursday, November 12, 2026

MASSACHUSETTS CONVENTION CENTER AUTHORITY



Administration, Finance and Personnel Committee Meeting

MASSACHUSETTS
CONVENTION CENTER
AUTHORITY

We'll get you there

CPAs | CONSULTANTS | WEALTH ADVISORS

Massachusetts Convention Center Authority

AF&P Exit Meeting – November 12, 2026

Year Ended June 30, 2026

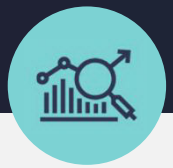
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Agenda

- Audit scope
- Audit opinions and communications
- Engagement finalization
- New GASB Standards

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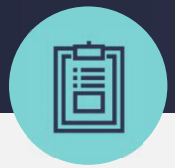
Audit Scope



Report on the Authority's financial statements



Internal control (GAO Report)



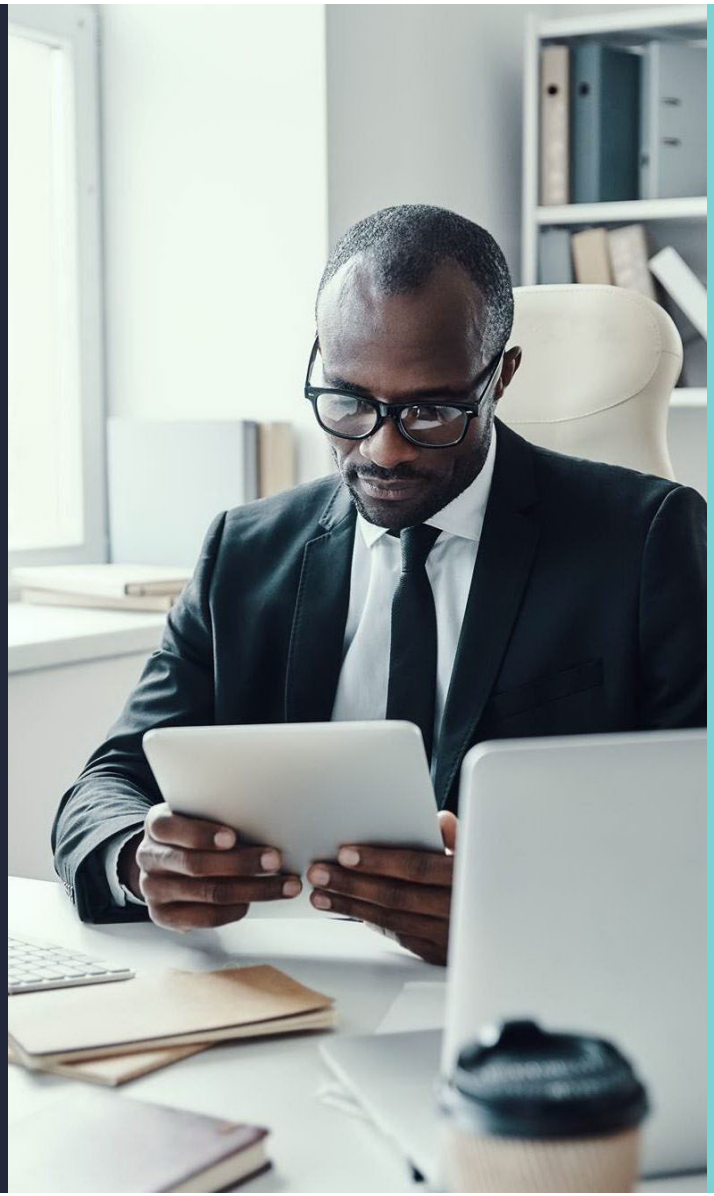
Required governance communications letter

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AUDIT OPINIONS

Financial statement

Financial statement audit opinion is **unmodified**.



AUDIT RESULTS

Financial statement

One material weakness identified:

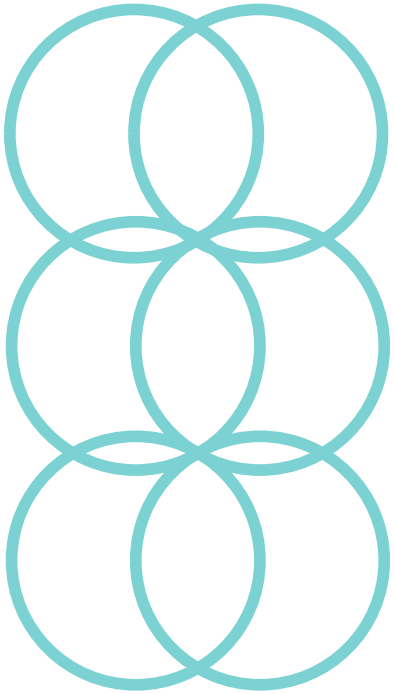
- Reconciliation of Significant Account Balances

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Governance Communications

Overall

- Significant Accounting Policies disclosure in Note 1.
- New GASB Implementation
  - GASB 103, *Financial Reporting Model Improvements*
  - GASB 104, *Disclosure of Certain Capital Assets*
- No transactions that lacked authoritative guidance.
- No significant or unusual transactions identified.



Estimates

- Valuation of Investments
- OPEB Liability

Other

- Passed adjustments:
  - Lease and SBITA adjustments
  - Late retirement system reimbursements
  - Capitalization of certain expenses
- Emphasis of Matter in Opinion: Implementation of GASB 103
- No consultations with other accountants

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Approval
from AF&P committee and full board

Signed
representation letter

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GASB Standards



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GASB 105 Subsequent Events

Effective date
June 30, 2027

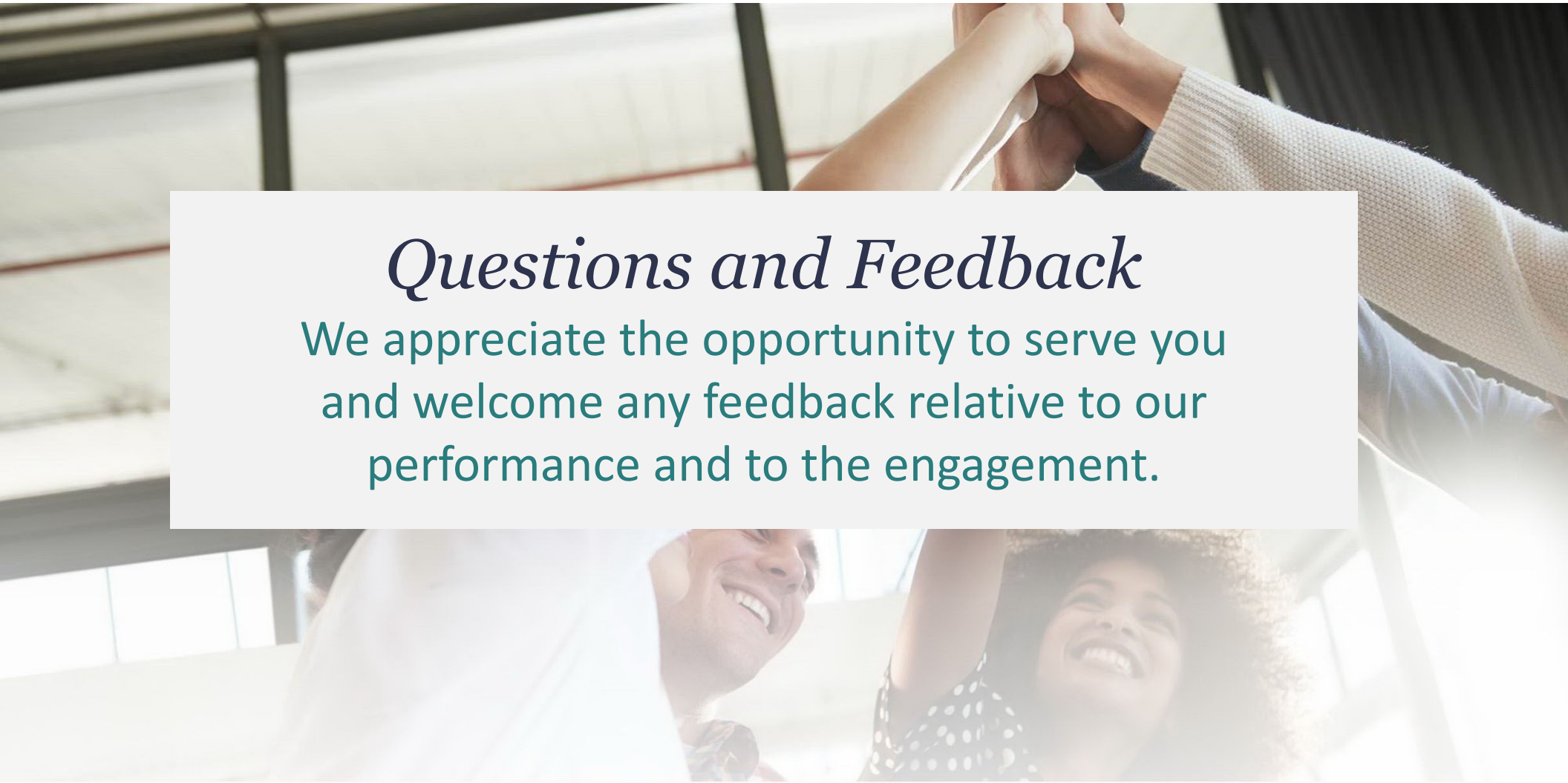
Clarifies subsequent event definition and establishes specific note disclosure requirements:

- Subsequent event time frame
- Recognized vs nonrecognized events
- Disclosure of date through which subsequent events were evaluated
- Specific disclosure requirements for nonrecognized events

CLA can help by assisting with or evaluating financial statement disclosure updates.



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Questions and Feedback

We appreciate the opportunity to serve you and welcome any feedback relative to our performance and to the engagement.

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EXECUTIVE SESSION

For the purpose of complying with or acting under the authority of any general or special law see G. L. c. 29 § 29K(b)(1), (h)



FY26 – Independent Audit Results

Administration, Finance and Personnel Committee

Thursday, November 12, 2026

MASSACHUSETTS CONVENTION CENTER AUTHORITY

Financial Statement Overview

- Prepared in accordance with GAAP as defined by the Governmental Accounting Standards Board (GASB)
- The MCCA is a component unit of the Commonwealth of Massachusetts
- Prepared on the full accrual basis accounting Includes all long-term assets and liabilities
- Revenues are recorded when earned and expenses when the liabilities are incurred
- Financial statements include the pension trust fund as a blended component unit; OPEB trust as a fiduciary fund and a custodial fund related to the Boston Tea Ship, Inc. pursuant to the loan agreement

FY26 Financial Highlights

Total assets and deferred outflows of resources

$837.5M

↑ $45.2M or 6%

Total assets and deferred outflows of resources increased $45.2M or 6% during FY26 from $792.3M to $837.5M primarily driven by CCF disbursements and an increase in restricted pension investments.

Total liabilities and deferred inflows of resources

$126.0M

↑ $14.1M or 12.6%

Total liabilities and deferred inflows of resources increased $14.1M or 12.6%, from $111.9M to $126.0M driven by accounts payable and accrued expenses due to capital accruals at year end and in increase in pension liability.

Net Position

$711.6M

↑ $31.2M or 4.6%

Net Position: $711.6M, $31.2M or 4.6% increase from prior year

Financial Statement Overview

Pension Trust:

Reported as a blended component unit as its activities "are so intertwined with the primary government that they are, in substance, the same as the primary government."

Assets as of June 30, 2026:

$76.9M

Net Pension Liability:

$43.1M

Calculated by PERAC, compiled and allocated by the State Comptroller's Office and audited by the State's independent auditors



FY26 Financial Audit Update Summary

1 The MCCA financial statements are presented fairly, in all material respects as of June 30, 2026.

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2 Repeat finding from previous year(s): The MCCA has inadequate internal controls, policies, and procedures surrounding the reconciliation process.

FY26 Financial Audit Update Summary

Acknowledgment & Actions

The MCCA Management Team acknowledges the findings and agrees with the importance of maintaining effective internal controls and sufficient supporting documentation.

Management is taking corrective action to address the conditions identified in the audit, including:

- **Clarifying ownership and accountability for affected financial processes and controls**
- **Reviewing and updating applicable procedures and documentation requirements**
- **Strengthening the preparation, retention, and review of supporting documentation**
- **Enhancing management review and oversight**

Overall Goal

Management anticipates completing these corrective efforts with support from our consultants while strengthening the finance function with the resources and processes necessary to sustain effective financial operations, internal controls, documentation practices, and management oversight.

FY26 Financial Audit Update Summary

Accenture Engagement

The MCCA Management Team has engaged Accenture LLP to provide advisory and implementation support in assessing the relevant financial processes and controls and assisting management in developing and implementing corrective actions.

- **This work will include review of current processes, roles and responsibilities, control activities, documentation practices, and management oversight, with identified improvement opportunities translated into prioritized corrective actions.**

Management will retain responsibility for all management decisions, implementation and oversight of corrective actions, and evaluation of their effectiveness.

Overall Goal

Management anticipates completing these corrective efforts with support from our consultants while strengthening the finance function with the resources and processes necessary to sustain effective financial operations, internal controls, documentation practices, and management oversight.

FY26 Independent Audit Results

Recommendation

The Administration, Finance and Personnel Committee recommends this 12th day of November 2026 that the Board of Directors vote to accept the Financial Statements for the Year Ended June 30, 2026 and the Independent Auditor's Report and Report on Internal Control and Compliance for the Year Ended June 30, 2026, prepared by CliftonLarsonAllen, LLP.



FY27 – September Year To Date Financial Update

Administration, Finance and Personnel Committee

Thursday November 12, 2026

MASSACHUSETTS CONVENTION CENTER AUTHORITY

September FY 2027 Month to Date Actuals vs. Budget

	FY2027 Budget Month to Date	FY2027 Actual Month to Date	MTD Variance $	MTD Variance %
Revenues:				
MCEC	$2,736,240	$2,095,552	$(640,688)	(23.4)%
Lawn on D	$141,772	$126,175	$(15,597)	(11.0)%
Hynes	$2,424,077	$3,151,905	$727,827	30.0 %
Boston Common Garage	$1,186,900	$1,076,229	$(110,671)	(9.3)%
MassMutual Center	$506,641	$406,486	$(100,155)	(19.8)%
Springfield Civic Center Garage	$45,260	$34,222	$(11,038)	(24.4)%
Other Income	$63,920	$54,127	$(9,794)	(15.3)%
Operating revenue	**$7,104,811**	**$6,944,696**	**$(160,115)**	**(2.3)%**
CCF revenue	$1,664,176	$2,876,341	$1,212,164	72.8 %
Total revenues	**$8,768,988**	**$9,821,037**	**$1,052,049**	**12.0 %**
Expenses:				
MCEC	$3,855,664	$4,184,060	$(328,396)	(8.5)%
Lawn on D	$105,467	$158,698	$(53,231)	(50.5)%
Hynes	$1,366,442	$1,464,072	$(97,631)	(7.1)%
Boston Common Garage	$253,610	$298,745	$(45,135)	(17.8)%
MassMutual Center	$1,087,181	$1,051,652	$35,529	3.3 %
Springfield Civic Center Garage	$82,297	$43,157	$39,141	47.6 %
Subtotal operations	**$6,750,661**	**$7,200,384**	**$(449,723)**	**(6.7)%**
Central administration	$1,274,910	$1,409,557	$(134,646)	(10.6)%
Sales and marketing	$743,417	$1,211,096	$(467,680)	(62.9)%
Subtotal administration	**$2,018,327**	**$2,620,653**	**$(602,326)**	**(29.8)%**
Total expenses	**$8,768,988**	**$9,821,037**	**$(1,052,049)**	**(12.0)%**

FY 2027 Actuals vs. Budget Year To Date

	FY2027 Budget Board Approved	FY2027 Budget Year to Date	FY2027 Actual Year to Date	YTD Variance $	YTD Variance %
Revenues:					
MCEC	$47,762,747	$9,251,387	$7,454,672	$(1,796,716)	(19.4)%
Lawn on D	$1,120,000	$652,152	$239,222	$(412,930)	(63.3)%
Hynes	$10,272,059	$2,539,647	$3,123,953	$584,306	23.0 %
Boston Common Garage	$12,702,200	$3,543,700	$3,406,058	$(137,642)	(3.9)%
MassMutual Center	$8,380,809	$987,024	$869,831	$(117,193)	(11.9)%
Springfield Civic Center Garage	$634,286	$96,320	$79,739	$(16,581)	(17.2)%
Other Income	$774,814	$191,215	$182,721	$(8,494)	(4.4)%
Operating revenue	**$81,646,915**	**$17,261,445**	**$15,356,195**	**$(1,905,249)**	**(11.0)%**
CCF revenue	**$28,049,038**	**$8,954,024**	**$11,016,236**	**$2,062,211**	**23.0 %**
Total Revenues	**$109,695,953**	**$26,215,469**	**$26,372,431**	**$156,962**	**0.6 %**
Expenses:					
MCEC	$50,847,784	$12,264,370	$10,921,685	$1,342,685	10.9 %
Lawn on D	$692,025	$341,821	$531,915	$(190,094)	(55.6)%
Hynes	$15,653,324	$3,852,499	$3,403,813	$448,686	11.6 %
Boston Common Garage	$2,757,260	$717,872	$743,488	$(25,615)	(3.6)%
MassMutual Center	$14,666,749	$2,925,096	$2,999,395	$(74,300)	(2.5)%
Springfield Civic Center Garage	$1,038,068	$235,392	$147,447	$87,945	37.4 %
Subtotal Operations	$85,655,208	$20,337,051	$18,747,744	$(1,589,307)	(7.8)%
Central Administration	$15,119,745	$3,648,168	$3,722,273	$(74,104)	(2.0)%
Sales and Marketing	$8,921,000	$2,230,250	$3,902,414	$(1,672,164)	(75.0)%
Subtotal Administration	$24,040,745	$5,878,418	$7,624,687	$(1,746,269)	(29.7)%
Total Expenses	**$109,695,953**	**$26,215,469**	**$26,372,431**	**$(156,962)**	**(0.6)%**



New Business

Administration, Finance and Personnel Committee
Thursday, November 12, 2026

MASSACHUSETTS
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Electricity Procurement Authorization

Massachusetts Convention Center Authority
Administration, Finance and Personnel Committee

Thursday, November 12, 2026

MASSACHUSETTS
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Background

- The Massachusetts Convention Center Authority (“Authority”) uses the services of a nonprofit energy buying consortium, PowerOptions, (New England Energy Consortium) for the procurement of energy supply agreements.
- PowerOptions serves over 800 nonprofit and public-sector members (including municipalities, schools, and cultural institutions) across Massachusetts, Connecticut, Rhode Island, and Maine.
- PowerOptions’ fully procured electric supply agreements have proven to be the most advantageous to the Authority through its bulk pricing guarantees as well as favorable contract terms.
- The current Board Authorized Procurement for electricity with PowerOptions's energy provider, Constellation New Energy, authorized in 2022, expires at the end of November 2026 and is for the Menino Convention & Exhibition Center (“MCEC”), Hynes Convention Center (“Hynes”), MassMutual Center (“MMC”) and Boston Common Garage (“BCG”).
- The Convention Center Carpark ("Carpark") is currently supplied through Eversource, the investor-owned utility in Springfield but new contract will include Carpark.

Energy Strategy

- The Authority will continue to explore the benefits of variable market pricing and fixed pricing.
- The Authority has been successful in recent years in lowering supply costs by taking on some risk by procuring electricity without including capacity costs and floating load at day-ahead market pricing.
- The Authority's participation in demand response programs has lowered capacity assignment at participating properties which has resulted in lower per kWh price.
- The Authority has also been aggressive and will continue to be in the pursuit of energy efficiency opportunities which have lowered overall electric and gas consumption.
- The Authority will react to opportunities to achieve a balanced energy purchase portfolio, while also achieving an advantageous pricing structure over the long term, through the guidance of PowerOptions, the Energy and Sustainability Manager of the Authority in conjunction with the Chief of Facilities and the Interim Chief Financial Officer.
- Current market conditions, unfortunately, are not favorable for pursuing fixed pricing most notably due to geopolitical conditions that are driving up the price of oil and liquified natural gas.

Electricity Procurement Authorization

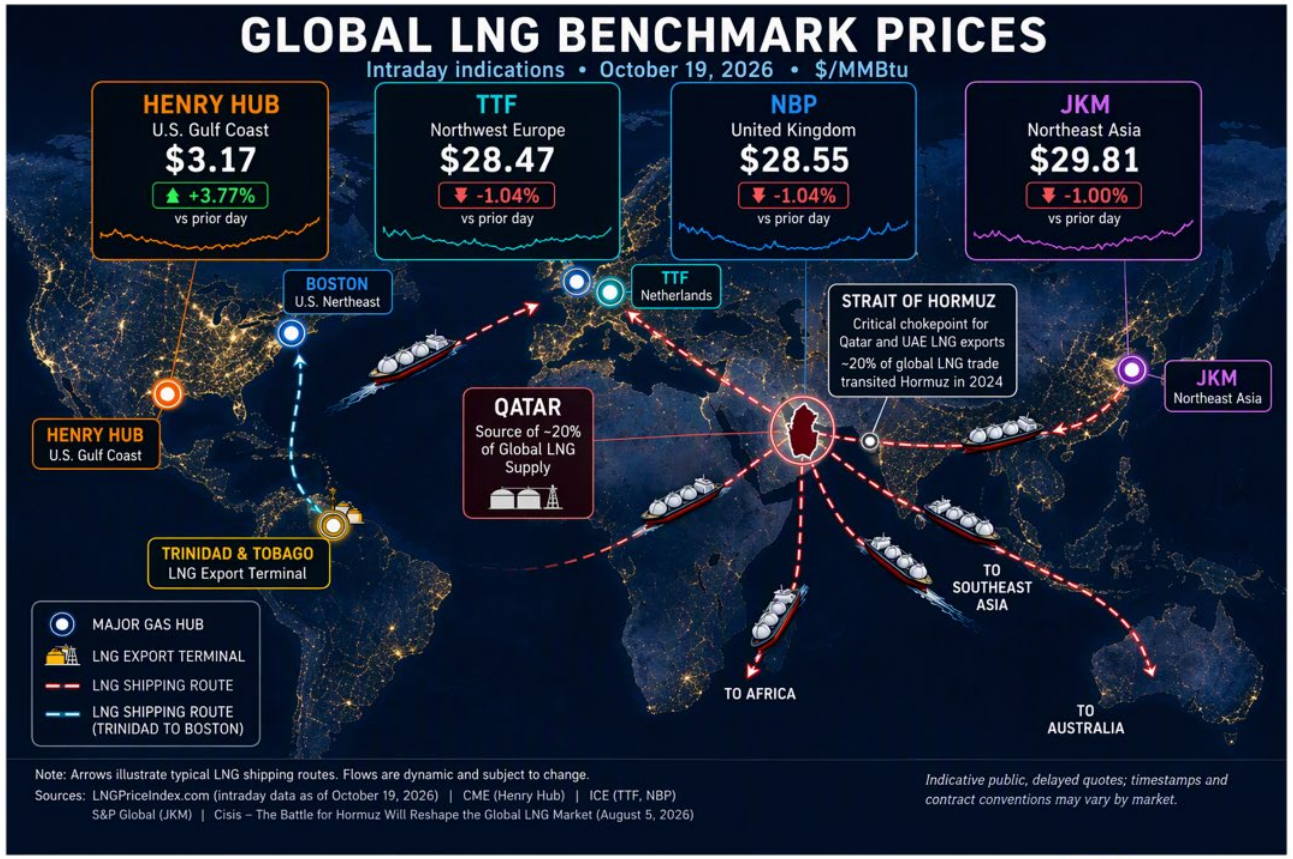
Recommendation

The Administration, Finance and Personnel Committee recommends this 12th day of November 2026 that the Board of Directors vote to authorize the Interim Executive Director or his designee to execute and deliver on behalf of the Authority contract(s) for the supply of electricity for terms up to 60 months from December 2026 to November of 2031 for the Hynes Convention Center ("Hynes"), Menino Convention & Exhibition Center ("MCEC"), MassMutual Center ("MMC"), Convention Center Carpark ("Carpark") and Boston Common Garage ("BCG") with the electricity supplier of **PowerOptions**, for a not to exceed amount of **Thirty-One Million, Three Hundred Thousand Dollars ($31,300,000.00).**

Appendix

Electricity Procurement Authorization Appendix

Geopolitical Risks Roil Global Energy Markets



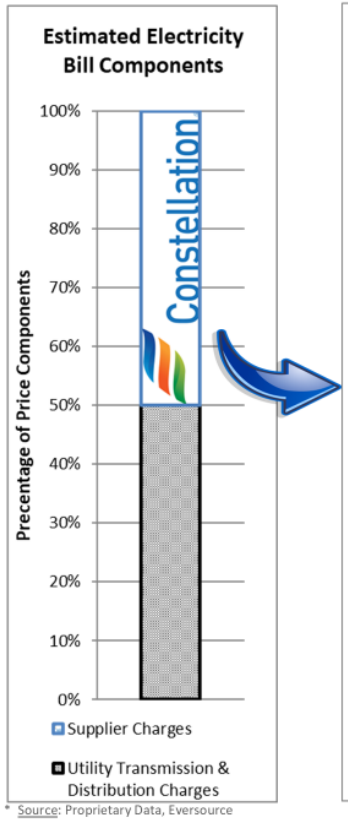
Source: Constellation

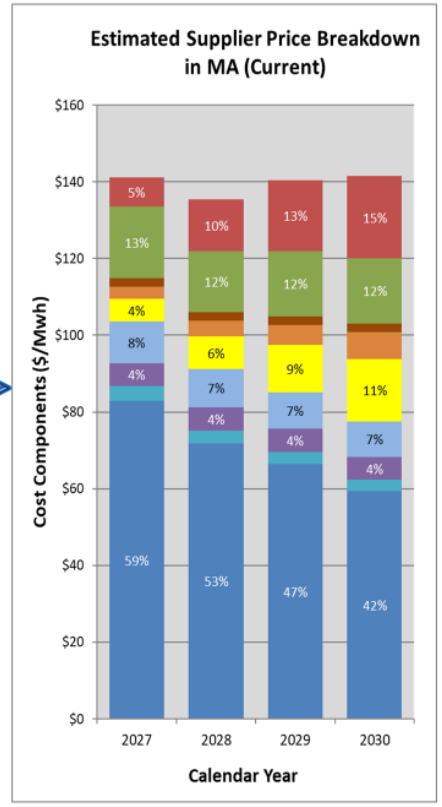
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Electricity Procurement Authorization Appendix

What's In Your Electric Supplier's Price?





- **Capacity** – Determined by prices set from independent system operator (ISO)-run auctions and customer capacity tag (peak usage). Designed to provide grid reliability and ensure enough generation available to the region.
- **Renewable Portfolio Standards (RPS)** – Mandates set by individual states for load-serving entities (LSE's/Constellation) to purchase a certain amount of renewable energy. Determined by state regulated compliance percentages and the financial market for renewable energy certificates (RECs).
- **Clean Energy Standard – Expansion** – MA state mandate for existing zero emission generation
- **Clean Energy Standard (CES)** – Similar to RPS but a Massachusetts mechanism to incent new zero emission generation (ex. hydro & nuclear)
- **Clean Peak Standard** – Mandate set by state of MA to incentivize renewable and storage power supply during peak periods.
- **Day-Ahead Ancillary Services (DASI)** – An ISO-run ancillary service to optimize energy and reserves in the Day-Ahead market, designed to "materially improve operating reserve resource readiness, efficiency, and day-ahead price formation"
- **Ancillaries** – Small administrative charges billed to load-serving entities by the ISO to operate grid safely and reliably.
- **Line Losses** – Included to make up for the energy lost over transmission and distribution (T&D) lines due to heating
- **Energy** – The cost of procuring the actual electrons transmitted through the T&D lines. Largely determined by cost of natural gas for New England.

* Source: Proprietary Data, Eversource

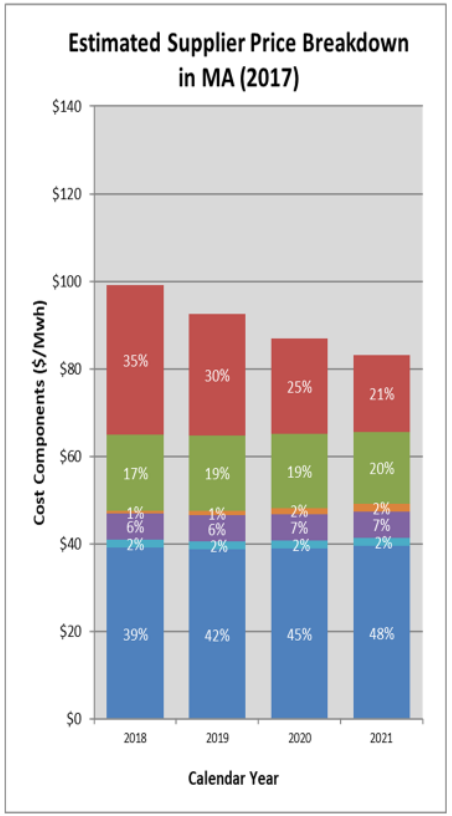
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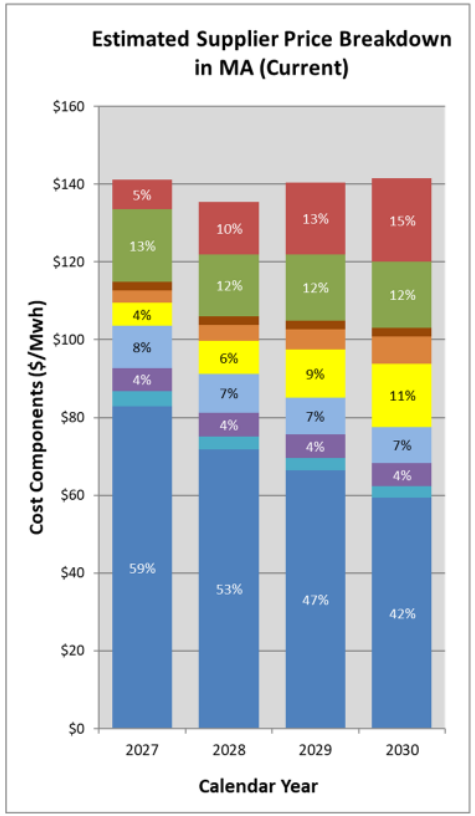
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Electricity Procurement Authorization Appendix

Supplier Stack 2017 vs. Today



Vs.



* Source: Proprietary Data, Eversource

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Thank you

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Thursday, November 12, 2026

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