



Commonwealth of Massachusetts

OFFICE OF THE COMPTROLLER

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WILLIAM McNAMARA
COMPTROLLER

November 3, 2023

Her Excellency Maura Healey, Governor
Commonwealth of Massachusetts
State House, Room 360
Boston, MA 02133

Secretary Matthew Gorzkowicz
Executive Office for Administration & Finance
State House, Room 373
Boston, MA 02133

Honorable Aaron Michlewitz, Chair
House Ways and Means Committee
State House, Room 243
Boston, MA 02133

Honorable Michael J. Rodrigues, Chair
Senate Ways and Means Committee
State House, Room 212
Boston, MA 02133

Mr. Steven T. James
Clerk of the House of Representatives
State House, Room 145
Boston, MA 02133

Mr. Michael D. Hurley
Clerk of the Senate
State House, Room 335
Boston, MA 02133

RE: Timing of the Fiscal Year 2023 Statutory Basis Financial Report

Pursuant to M.G.L. c. 7A, § 12, the Comptroller is required to file the Statutory Basis Financial Report ("SBFR") with the Governor, the Secretary of Administration and Finance, the House and Senate Committees on Ways and Means, and the Clerks of the House and Senate, by October 31 of each year. The SBFR meets state finance law requirements to present fairly the results of fiscal year activity in the Commonwealth's funds; to compute and certify the budgetary fund balance; to make any resulting transfer to the Stabilization Fund and determine its final balance; and to disclose and report certain aspects of financial performance.

We did not meet that deadline this year. The timing of the report will depend mainly on the enactment and passage into law of a final supplementary budget.

The Office of the Comptroller, with the cooperation of financial professionals statewide and our external audit firm, has taken every preparatory step possible. Given the complexity of state finance, including the need to execute transactions that may be included in the final budget, as well as the time required for the external audit firm's review, approximately three weeks will be required for issuance after the enactment of the final supplementary budget. Therefore, even given an optimistic timeline for enactment by the Legislature, and for consideration and signing or return by the Administration, the report is unlikely to be issued before December.

The SBFR is one of two major annual reports; the second is the Annual Comprehensive Financial Report (ACFR), which incorporates both more financial data and more state-related entities and activities than the SBFR. These reports are the only independently reviewed and audited sources of comprehensive information on state finance for the citizens, taxpayers, and residents of the Commonwealth. In addition, there are other important audiences for these reports. Among these are bond buyers and debt ratings agencies, as well as the federal government. The federal single audit process, which takes the ACFR as a starting point, is required to support and retain the flow of federal dollars into vital Commonwealth programs, including several of these that support the social safety net for residents. The late issuance of the SBFR has a knock-on effect on these other processes which, despite our intensive efforts to make up for lost time, will cause delay.

There are other potential causes of delay, unrelated to the final budget, which include the ability of certain entities affiliated with the state to produce timely reports. We are focused on addressing those issues as well.


Fortunately, although report timing has become a recurring problem, the financial condition of the Commonwealth reflected in the reports has been consistently sound. Two of the more visible signs are the dramatic increase in the balance of the Stabilization Fund and the growing payments toward pension obligations, both of which are attributable to the fiscal prudence of elected officials in the Legislature and in successive Administrations.

Timely issuance of the SBFR and ACFR in future years will help the Commonwealth to receive full credit for its positive fiscal condition. I am sincerely respectful of the prerogatives of elected officials in both branches, to address the complex issues of budgeting with care, but I believe earlier completion of every fiscal year is an achievable goal.

For this year, I respectfully ask that you please move each remaining step in the process to its earliest achievable conclusion.

Please let me know if I can provide any additional information or be of help.

Sincerely,

DocuSigned by:

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