



WILLIAM McNAMARA
COMPTROLLER

Commonwealth of Massachusetts

OFFICE OF THE COMPTROLLER

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December 18, 2020

His Excellency Charles D. Baker
Governor
Commonwealth of Massachusetts
State House, Room 360
Boston, MA 02133

Secretary Michael J. Heffernan
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

Dear Sirs:

The Office of the Comptroller hereby files the Commonwealth's Statutory Basis Financial Report (SBFR) for Fiscal Year 2020, the period ended June 30, 2020.

Pursuant to M.G.L. c. 7A, § 12, the Comptroller shall file the SBFR with the Governor, the Secretary of Administration and Finance, the House and Senate Committees on Ways and Means, the Clerks of the House and Senate, and any other Parties specified in general or special law by October 31 of each year.

The SBFR provides an independent and unbiased accounting of Commonwealth revenues and expenditures for Fiscal Year 2020. The SBFR was prepared by the professional staff of the Office of Comptroller and reviewed by the Commonwealth's independent audit firm, KPMG, in accordance with professional standards established by the American Institute of Certified Public Accountants.

This filing is roughly seven weeks later than the statutory deadline of October 31. This timing is attributable to the extraordinary conditions created by the COVID-19 pandemic. For example,

the due dates for certain state taxes normally paid by June 30 of each year were extended; this delayed the date on which Fiscal Year 2020 revenue could be finalized. I share this as an example of a decision made to address the emergency, in which the timing of the SBFR would appropriately have been a subsidiary consideration.

The key phase of work for the Office of the Comptroller begins after the final supplementary budget is passed and after the professionals in the administration and finance function complete final accounting entries. The final supplementary budget was enacted on November 10, 2020. The financial administration continued for several days thereafter. Having taken all possible preparatory steps, the Office of the Comptroller then worked to deliver this report as quickly as possible while maintaining high quality standards. I want to thank KPMG, who exercised their critical independent review function with professionalism and rigor on a timely basis.

It is important to note that although the pandemic changed the timing of the SBFR, the financial processes of the state have continued to function in an uninterrupted and controlled fashion throughout the emergency. This is an achievement reflecting the work of financial and administration professionals across the state. Maintaining a reportable, auditable, and transparent record of spending is a fundamental responsibility, and it is especially critical during the COVID-19 emergency, when federal funding plays a major role in state capabilities and finances. Thanks to the leadership from the Secretary of the Executive Office for Administration & Finance, the Office of the Treasurer and Receiver General, the Office of the State Auditor, and members of the Comptroller team, I am confident that the Commonwealth will continue to set a high standard. The steady flow of information across these offices and with the staff of the Committees on Ways & Means has been of great benefit throughout the emergency.

Finally, I wish to commend the staff of the Office of the Comptroller, particularly Deputy Comptroller Howard Merkwitz, Chief Financial Reporting Officer Michael Rodino, Chief Accounting Officer Kristin Lacroix, and Deputy Chief of Financial Reporting Pauline Lieu. With considerable complications posed by this year's unique challenges, they and their teams showed extreme professionalism and expertise to publish this information.

Sincerely,

A handwritten signature in blue ink that reads "William McNamara". The signature is written in a cursive style with a large initial "W".

William McNamara
Comptroller of the Commonwealth