



The Commonwealth of Massachusetts
Office of the Comptroller

Fiscal Year 2015 Draft Unaudited Comprehensive Financial Report

February 16, 2016

Today, we are releasing a Draft Unaudited Fiscal Year 2015 (FY15) Comprehensive Financial Report for the Commonwealth. We believe it is complete in every material respect and provides a clear picture of Massachusetts as a single unified government entity.

On January 13, 2016 we filed an interim report detailing issues that prevented the timely filing of the Commonwealth's Fiscal Year 2015 Comprehensive Annual Financial Report (CAFR). At that time, we noted that in June of 2015 issues were raised by an external investigative group relative to the accuracy of certain MBTA Retirement Fund (MRF) pension-related assets and liabilities, and thus the MRF's financial position as presented in its financial statements. In December of 2015, the MRF board reported that it had engaged an independent firm to investigate these allegations, and that investigation is still underway.

Despite the fact that the MRF is a private trust, it receives substantial public funding and its assets and liabilities must be accounted for by the MBTA in its own financial statements. The MBTA's financial statements in turn roll-up to MassDOT; and the MassDOT financial statements roll-up to the Commonwealth's financial statements.

As we also indicated in our January filing, the Comptroller's fiscal oversight authority under M.G.L. c. 7A does not extend to the MRF because it is a private legal entity. Thus, all of the involved public entities (the Commonwealth, MassDOT, and the MBTA) have limited insight into the status of the MRF's investigation and independent audit or when the process will be completed.

We will continue to provide updated information as it becomes available and will file the final, audited FY15 CAFR as soon as possible.

Sincerely,

A handwritten signature in black ink, appearing to read "Tom Shack".

Thomas G. Shack, III, Esq.
Comptroller of the Commonwealth