



Commonwealth of Massachusetts

OFFICE OF THE COMPTROLLER

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WILLIAM McNAMARA
COMPTROLLER

October 30, 2020

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

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

Re: FY2020 Statutory Basis Financial Report

Dear Sirs,

Each year, the SBFR is prepared by the Office of the Comptroller and reviewed by the Commonwealth's independent Certified Public Accountants. This report meets the statutory requirement in M.G.L. c. 7A, § 12 to present fairly the results of the prior fiscal year's activity in the Commonwealth's funds, to compute and certify the balance in the Stabilization Fund, and to disclose and report certain aspects of financial performance as directed by statute. According to M.G.L. c. 7A, § 12(a)(2), I am required to file this report with your respective offices not later than October 31.

I regret to report that we will not meet that deadline for the Fiscal Year 2020 SBFR.

Preparation of the SBFR by the Office of the Comptroller is dependent on the closing of the fiscal year. Essentially, there are two related steps: the "budget close" in a final supplemental budget and an "accounting close" that reflects appropriate final entries, including from the budget. COVID-19 has had an impact on both elements. The accounting related to COVID-associated expenditures, to revenues received later than usual under DOR's pandemic deadline extensions, and to federal COVID funds, was still underway into October. As I write, the final supplemental budget remains under consideration by the Legislature. Final entries will commence when the supplemental budget is enacted. Time will then be required for a quality process and for independent review. Therefore, I am not yet able to provide an expected delivery date for the SBFR.

While we are focused on meeting deadlines on all significant reports, I am especially concerned that we will miss a deadline set by statute, as is the case for the SBFR. I believe that the circumstances this year are truly extraordinary. Based on ongoing communications among my

Regarding the SBFR

October 30, 2020

Page 2

team in the Office of the Comptroller, the staff of the Executive Office for Administration & Finance, and the staffs of the Senate and House Committees on Ways & Means, I am encouraged that we share a commitment to timely completion of the important steps that remain ahead.

I look forward to filing the Fiscal Year 2020 Statutory Basis Financial Report as soon as possible. Please call or email me if I can provide any additional information.

Sincerely,

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

William McNamara
Comptroller of the Commonwealth

Cc: Christopher Marino, Budget Director, Senate Ways and Means Committee
David Bunker, Budget Director, House Ways and Means Committee
Catherine Hornby, Undersecretary, Executive Office for Administration & Finance
Bran Shim, Assistant Secretary for Budget, Executive Office for Administration & Finance
Paul Chong, Finance Director, Executive Office for Administration & Finance
Jeffrey Shapiro, Esq., First Deputy Comptroller, Office of the Comptroller
Howard Merkowitz, Deputy Comptroller, Office of the Comptroller
Amy Nable, General Counsel, Office of the Comptroller