



# Commonwealth of Massachusetts

## OFFICE OF THE COMPTROLLER

ONE ASHBURTON PLACE, 9TH FLOOR  
BOSTON, MASSACHUSETTS 02108  
(617) 727-5000  
MACOMPTROLLER.ORG



WILLIAM McNAMARA  
COMPTROLLER

November 1, 2024

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

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

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

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

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

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

Pursuant to M.G.L c. 7A, § 12, I am required to submit the Statutory Basis Financial Report (SBFR) to you by October 31 of each year. We have not met that deadline for Fiscal Year 2024.

As you know, the completion of the final supplementary budget (the “closeout supp”) for the preceding year is necessary to close the books of the Commonwealth. When the closeout supp is complete, it triggers a series of final transfers and transactions, followed by the development of the report itself, which is a document of well over 175 pages. The draft SBFR goes to the Commonwealth’s independent CPA firm for review. Finally, as required by statute, the draft report is reviewed by the Advisory Board to the Comptroller. Although every preparatory step possible is taken, roughly four-to-five weeks is required for work between the closeout supp and issuance of the SBFR under normal circumstances.

Therefore, to meet the October 31 deadline, the annual closeout supp process would ideally be completed no later than mid-September each year. If the closeout supp were to be completed as late as October 1, then there could still be an opportunity to hit the October 31 date or to issue only slightly later.

**Historical trend.** The table on the following page shows the SBFR issuance date over the past two decades:

Fiscal Year End	SBFR	Issuance Date	Fiscal Year End	SBFR	Issuance Date
06/30/2004	SBFR FY04	10/26/2004	06/30/2014	SBFR FY14	10/31/2014
06/30/2005	SBFR FY05	10/28/2005	06/30/2015	SBFR FY15	11/10/2015
06/30/2006	SBFR FY06	10/28/2006	06/30/2016	SBFR FY16	10/31/2016
06/30/2007	SBFR FY07	10/26/2007	06/30/2017	SBFR FY17	11/16/2017
06/30/2008	SBFR FY08	10/29/2008	06/30/2018	SBFR FY18	11/06/2018
06/30/2009	SBFR FY09	11/03/2009	06/30/2019	SBFR FY19	01/06/2020
06/30/2010	SBFR FY10	10/31/2010	06/30/2020	SBFR FY20	12/18/2020
06/30/2011	SBFR FY11	11/02/2011	06/30/2021	SBFR FY21	11/19/2021
06/30/2012	SBFR FY12	10/23/2012	06/30/2022	SBFR FY22	12/23/2022
06/30/2013	SBFR FY13	11/01/2013	06/30/2023	SBFR FY23	02/06/2024

**Legend**

	On or before 10/31
	Not more than 7 days late
	>7 days late but in November
	December or later

In the fifteen years from 2004 through 2018, the SBFR was issued either by the deadline or following a relatively brief delay. Beginning in 2019, the length of delay became more serious, with delivery coming in December or later in four of the last five years.

**Impact of timing on the work process.** We have identified a secondary effect, occurring in my office, that compounds the delay issue.

As noted before, the time to produce the SBFR has historically been roughly four to five weeks. However, if the close-out supp is not completed before mid-October, then the time to produce the SBFR can be substantially longer. There are two causes for this:

First, if SBFR work starts late, it is pushed toward Thanksgiving and potentially the holidays. This reduces the professional time available, because of the holidays and scheduled time-off. Our devoted employees and our colleagues at the independent audit firm both change their schedules and work long hours, but it is realistic to recognize that there will be an impact.

Second, as we move into November and December, work must proceed on the two other components of year-end reporting: the Annual Comprehensive Financial Report (ACFR) and the federal Single Audit. We prioritize the SBFR, but the ACFR and Single Audit have “now or never” tasks that become competing priorities. Both Comptroller staff and the independent CPA firm face this challenge.

**Potential consequences of annual delays.** As I have noted each year in addressing the delays, the financial condition of the Commonwealth is very sound. That reality and our reputation rest on two pillars: the fiscal prudence of elected officials over many years, through managing budget challenges and building reserves, and the growth in revenue provided by the hardworking residents of Massachusetts who engage in our robust, resilient economy. Each year, the SBFR and

the ACFR provide the record and evidence of that fact to the citizens and taxpayers of the Commonwealth, and to ratings agencies and bondholders of the Commonwealth.

The unfortunate pattern of late issuance of the SBFR and ACFR does not change that reality, but it can only serve to diminish the luster of the Commonwealth's financial reputation. For every state, the ability to enact budgets in a timely way, whether to open or close a fiscal year, is one indicator of a fiscal house in good order. I do not see any evidence that it has caused tangible consequences to date, but we should break the pattern of late settlement of the prior fiscal year in budgeting and reporting.

As ever, when discussing passage of the close-out supp or any budget legislation, I have a fundamental respect for the complexity of the issues before policymakers and the prerogative of elected officials to take time for consideration, debate, and negotiation. In addition, I know that all participants in this process are aware of the issues and working toward resolution.

Regarding Fiscal Year 2024, I understand that both the House and the Senate have engrossed versions of the closeout supp and are moving forward. I greatly appreciate every step taken to accelerate this process to conclusion as soon as possible.

For Fiscal Year 2025 and beyond, I would submit that the exhibit shows that late timing is not an aberration, but a pattern. Good intent and incremental improvements, despite being serious and sincere, has not availed to change the pattern. I would not presume to prescribe actions to either legislative or executive leadership, but I would suggest that a more fundamental examination of the process may be required.

Respectfully yours,

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

William McNamara  
Comptroller