



# Commonwealth of Massachusetts

## OFFICE OF THE COMPTROLLER

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WILLIAM McNAMARA  
COMPTROLLER

February 16, 2024

Her Excellency Maura T. 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 Committee on Ways and Means  
State House, Room 243  
Boston MA 02133

Honorable Michael J. Rodrigues, Chair  
Senate Committee on Ways and Means  
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

The Office of the Comptroller hereby files the Commonwealth's Statutory Basis Financial Report (SBFR) for Fiscal Year 2023, the 12-month period ended June 30, 2023.

The SBFR provides independent and unbiased accounting of Commonwealth revenues and expenditures for Fiscal Year 2023. The SBFR was prepared by the professional staff of the Office of the Comptroller and reviewed by the Commonwealth's independent audit firm, CliftonLarsonAllen LLP (CLA), in accordance with professional standards established by the American Institute of Certified Public Accountants.

Pursuant to M.G.L. c. 7A, § 12, the Comptroller is required to 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. This filing is more than three months later than the statutory deadline. The final supplemental budget for Fiscal Year 2023 was enacted on December 4, 2023, and immediately signed by the Governor. At that point, the Office of the Comptroller executed an important series of transactions, transfers, and closing entries. This office then finalized the financial statements and completed the drafted narrative portions of the report. Finally, this resulting draft was reviewed by the Commonwealth's independent audit firm.

Although this Office took every preparatory step possible in advance, the closing of the fiscal year and completion of the report is an exacting process that requires significant time.

Late completion of the final supplemental budget and delayed issuance of reports have become common, rather than exceptional, in recent years. The Statutory Basis Financial Report, the Annual Comprehensive Financial Report (ACFR), and the federal Single Audit process are all impacted. These reports are relied upon by citizens, taxpayers, and residents for timely information. The ACFR and the Single Audit, in particular, are required by the U.S. government to ensure the uninterrupted flow of federal dollars that support key social safety net, educational, and infrastructure spending. Debt markets, ratings agencies, and bondholders are another key audience for our financial reports.

Fortunately, the soundness of the Commonwealth's finances and fiscal policy has provided some insulation from the potential negative perceptions caused by late reporting. Through the challenges of the pandemic, and during times of both stronger and weaker revenue growth, the fiscal care of elected officials in both the Legislative and the Executive branches has kept state finance on a solid footing. While this positive fiscal reality will remain the most significant factor in the state's financial reputation, we should recognize that late budget processes and late reporting can only produce negative perceptions. Therefore, I urge that beginning in Fiscal Year 2024, we make timely completion of the annual budget cycle a top priority.

The Commonwealth's financial processes, controls, and reporting are the result of collaborative and professional work by the talented and dedicated financial teams in every agency and department across the state. To you, and to their executive management in each state entity, I commend their work this year.

I also thank the staff of the Office of the Comptroller, including Assistant Comptroller & Chief Financial Reporting Officer Pauline Lieu, Assistant Comptroller & Chief Accounting Officer Kristin Lacroix, each member of their respective teams, and Senior Advisor Howard Merkwowitz. These individuals are both expert financial professionals and dedicated public servants.

Sincerely,



William McNamara  
Comptroller of the Commonwealth