



Commonwealth of Massachusetts

OFFICE OF THE COMPTROLLER

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ANDREW W. MAYLOR
COMPTROLLER

Thursday, November 21, 2019

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

Secretary Michael Heffernan
Executive Office for Administration and Finance
State House, Room 373
Boston, MA 02133

The Honorable Robert DeLeo
Speaker of the House
State House, Room 356
Boston, MA 02133

The Honorable Karen E. Spilka
President of the Senate
State House, Room 332
Boston, MA 02133

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

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

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

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

Re: Close of Fiscal Year 2019

Dear Governor Baker, Secretary Heffernan, Speaker DeLeo, President Spilka, Chair Michlewitz, Chair Rodrigues, Mr. Hurley, and Mr. James:

As you are aware, as of the date of this letter the Legislature has not enacted, thus the Governor has not signed, a closeout supplemental appropriations bill for Fiscal Year 2019. Furthermore, although formal legislative sessions have now come to an end for this calendar year, I have received no communication from House or Senate leadership suggesting that agreement on a closeout budget is near.

Therefore, in recognition of my office's statutory and administrative obligations, I have instructed my staff to take the extraordinary step of preparing to close Fiscal Year 2019 (the period which ended on June 30) on December 11, 2019.

To be clear, this means that the Office of the Comptroller stands to close the books on Fiscal Year 2019 without the adoption of final supplemental appropriations legislation.

I made the decision to refrain from this action on the statutory deadline of October 31 because there are significant ramifications to closing the books and transferring any surplus to the Stabilization Fund without a closeout budget. Given the reasonable expectation at the time that the Legislature would complete its work, I deemed it prudent to allow the Legislature time to complete the closeout process.

However, given the continued lack of final supplemental appropriations legislation, it seems that we cannot avoid the impact of these ramifications. Therefore, there is no good reason to continue to violate state law regarding the end of the fiscal year. Additionally, the continued delay has placed this Office at risk of missing a second statutory deadline, as well as a federal deadline.

Taking the necessary action on the date of December 11, 2019 will allow the Office of the Comptroller sufficient time to close the General Ledger and its accounts, as well as compile the overdue Statutory Basis Financial Report. The closing of the accounting records is also a necessary precursor to filing the Comprehensive Annual Financial Report (CAFR). Pursuant to M.G.L. c. 7A, § 12(b) and 12(c), this Office must file the CAFR no later than the second Wednesday in January (January 8, 2020). My staff will then complete and submit the federal funds report.

I must emphasize that the Commonwealth is in an unprecedented situation, and that means that the downstream effects of missing the federal deadline are unknown. However, as the federal funds report informs the federal government about information pertaining to grant reimbursements to the Commonwealth and the 49 other states, a missed filing deadline could impair the Commonwealth's ability to receive federal funding, a total of \$15-\$20 billion annually.

This Office stands ready to work with the Legislature to the maximum extent possible. This would, however, require immediate action from the leadership of both chambers, as well as communication directly with me with a date certain for the resolution of this impasse.

The enactment of closeout supplemental budget legislation has historically occurred in August or early September, a timeline which afforded the Office of the Comptroller sufficient time to complete and file its statutorily required reports on time. In future budget cycles, I anticipate this Office adhering to the statutory deadline with or without closeout supplementary appropriations legislation. This will enable this Office to conduct the business of the Commonwealth in a manner consistent with state finance law, which credit rating agencies agree is the most financially sound accounting practice.

Sincerely,



Andrew W. Maylor
Comptroller of the Commonwealth

CC: Jeffrey Shapiro, Esq., First Deputy Comptroller
Amy Nable, General Counsel & Assistant Comptroller