

GUAM DEPARTMENT OF EDUCATION FINANCIAL SUPERVISORY COMMISSION (EFSC)

Building A Conference Room, GDOE Central Office Tiyan

November 21, 2019

MEETING MINUTES

AGENDA	DISCUSSION/TOPIC	ACTION/ STATUS												
In Attendance	<table><tr><td>Vince Duenas, OPA</td><td>Senator Kelly Marsh (Taitano)</td></tr><tr><td>Vanessa Valencia, OFB</td><td></td></tr><tr><td>Joaquin Blaz, BBMR</td><td>Abigail Reyes, BBMR</td></tr><tr><td>Mary Grace Edrosa, DOA</td><td>Joy Bulatao, GDOE</td></tr><tr><td>Franklin Cooper-Nurse, GDOE</td><td>Helen Legaspi, GDOE</td></tr><tr><td>Carol Hinkle-Sanchez, Parent Representative</td><td>Tiara Cunningham, GDOE</td></tr></table>	Vince Duenas, OPA	Senator Kelly Marsh (Taitano)	Vanessa Valencia, OFB		Joaquin Blaz, BBMR	Abigail Reyes, BBMR	Mary Grace Edrosa, DOA	Joy Bulatao, GDOE	Franklin Cooper-Nurse, GDOE	Helen Legaspi, GDOE	Carol Hinkle-Sanchez, Parent Representative	Tiara Cunningham, GDOE	
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I. Call to Order	Meeting was called to order at 3:09pm at the Building A, 1 st Floor GDOE Conference Room, Tiyan.													
II Review and Approval Minutes	OFB Item 2 of the agenda, the October 24, 2019 minutes are not ready and so without objection, the approval of the minutes was tabled for next meeting.													
a. October 24, 2019	GDOE distributed FY20 Cash Update. As of November 21, 2019 GDOE total FY20 cash received GF Operations \$29,106,544 cash received, GF Chamorro Studies \$50,309 cash received, pending \$10,395; GF SSHS Procurement \$0; Textbook \$0 Cash received; TEFF Operations \$699,643.68 cash received; TEFF-ADRRMS and TEFF School Grounds Maintenance cash received \$0.													
III. Old Business	Total cash received for PLRF \$108,590 cash received, pending \$17,146; HFF-Operations HFF-Sports and HFF-HPA \$0 cash received; LG- Sports Facilities \$0 cash received. Simon Sanchez FY18 GF Continuing OEA & A & E \$0 cash received; and GF-GDOE CIP \$0 cash received. Overall grand total (excluding JFKHS FY19 \$1,568,000 Maint. & Insurance) \$29,965,086.68 GDOE cash received.													
a GDOE Cash Report FY2020	DOA distributed the Disbursement Report and stated for next time would include the GDOE CIP and the JFKHS Maintenance & Insurance. DOA asked for the EFSC, does GDOE still want them to report on the charter school cash disbursements. DOA other than the TEFF \$699,643.68 release affirmed it matches and reconciles with GDOE Cash update.													
b. Reconciliation of Cash Disbursements														

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c. BBMR Appropriation/Allotment Status	<p>OFB stated let's move to the BBMR Appropriation/Allotment Status Reports item III. BBMR distributed the BBMR Appropriation/Allotment Status Report FY2020 as of November 21, 2019: GF Operations appropriation \$189,192,568, YTD allotment release \$32,744,862, YTD expended \$29,106,544, available \$3,638,318, unallotted \$156,447,706; Simon Sanchez appropriation \$500K, YTD allotment release \$250,000, YTD expended \$0, and available \$250K, unallotted \$250K; Chamorro Studies appropriation \$540,545, YTD allotment release \$73,659, YTD expended \$60,704, available \$12,955, unallotted \$466,886; Advanced Textbooks appropriation \$1.5M, YTD allotment release-expended and available \$0, unallotted \$1.5M; GDOE CIP appropriation \$885K, YTD allotment release-expended and available \$0, unallotted \$885K. Total GF appropriation \$192,618,113, YTD allotment release \$33,068,521, YTD expended \$29,167,748, Available \$3,901,273, unallotted \$159,549,592.</p> <p>TEFF Operations appropriation \$14,381,558, YTD allotment release \$3,484,130, YTD expended \$699,643.68, available \$2,784,486.32, unallotted \$10,897,428; ADRMS appropriation \$50K, YTD allotment release \$6,250, YTD expended \$0, available \$6,250, unallotted \$43,750; School Grounds Maintenance appropriation \$393,545, YTD allotment release \$81,502, YTD expended \$0, available \$81,502, unallotted \$312,043. Total TEFF appropriations \$14,825,103, YTD allotment release \$3,484,130, YTD expense \$699,643.68, available \$2,784,486.32, unallotted \$10,897,428.</p> <p>PLRF appropriation \$891,575, YTD allotment release \$148,596, YTD expense \$125,736, available \$22,860, unallotted \$742,979. HFF-Operations appropriation \$891,754, YTD allotment release \$168,409 YTD expended \$0, available \$168,409, unallotted \$723,345; HFF-Interscholastic Sports appropriation \$607,263, YTD allotment release \$105,089, YTD expended \$0, available \$105,089, unallotted \$502,174; HFF-HPA appropriation \$277,589, YTD allotment release \$24,974, YTD expended \$0, available \$24,974, unallotted \$252,615. Total HFF appropriation \$1,776,606, YTD allotment release \$298,472, YTD expended \$0, available \$298,472, unallotted \$1,478,134. LG-Sports Facilities appropriation \$558,692, YTD allotment release \$139,673, YTD expended \$0, available \$139,673, unallotted \$419,019. Grand total appropriation \$210,670,089, YTD allotment release \$37,227,144, YTD expended \$29,992,627.68, available \$7,234,516.32, unallotted \$173,442,945.</p>
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d. Accounts Payable Aging	<p>OFB moving onto Item 3d the Accounts Payables Aging reports: as of November 21, 2019 total AP Aging Balance of \$10,687,071.63 (\$9,938,078.50 Local, \$748,845.30 Federal, \$152.93 99998 Student Account); Batched invoices \$1,249,539.37 and unbatched invoices \$492,364.19; brings GRAND TOTAL to \$12,428,975.19.</p> <p>At this point in the meeting, OFB welcomed and acknowledged the arrival of Senator Kelly Marsh (Taitano).</p> <p>OPA asked as a follow up from the previous meeting, how much did the aging for Sodex go down. GDOE affirmed it went down – it is now \$2M (from the previous \$3M reported in October); a check for about \$2M was issued to Sodex since the previous report. OPA stated previous overall balance was \$3,035,158 and the 90 days and over was \$1.5M which is now reflecting in the current report down to \$735K (90 days and over). And if GDOE had cut a check for \$2M then that may have covered the payment for any current balance due. Members continued to discuss the variances in outstanding Sodex balances comparing September thru November adjustments. GDOE stated the overall \$2.1M outstanding balance for November includes the outstanding for federal share, may also include additional invoices posted; and the \$0 current balance may be due to invoices either captured/reported in the unbatched invoices (\$492,384) or invoices which have yet to be validated for the current period.</p> <p>Parent Representative asked if a listing could be provided showing adjustments in the aging report. GDOE stated if you look at GDOE's revenue structure, GDOE is somewhere within \$33M and its expense structure is higher than that and conceded GDOE will somehow set aside funding so it can catch up with its older debt. Right now, we're looking at of that \$33M that we've received, approximately \$31M went to general payroll. The vendors that are viewed as essential that are being paid out YTD are Sodexo, PBS, trash, Lucky Kids, TPEA, Payless, Xerox, JRN and there are some very small amounts in other vendors of approximately \$150K. We can provide a list of those vendors if you need to see it.</p> <p>Parent Representative noted total payables reported in September was \$4M and in the current November report its gone up to \$10M. GDOE stated as GDOE makes payments on arrears, new invoices for current services are also coming in. OPA also noted, EFSC's meetings are being held earlier in the month and so the reports will not be capturing payments made in the last week of the month. GDOE acknowledged the rate of payments made compared to the rate of invoices coming in, at some point, will need to level off; GDOE is making every effort to do just that, however, it is a difficult task. OPA surmised from a parent's perspective, (parents can be assured) they're not going to stop feeding our kids; the numbers are indicating despite the arrears the kids are still being fed (Sodex is still providing services). OPA asked</p>
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e. EFSC Scope of Authority, Duties and Responsibilities	<p>what about the power, will GPA cut off the power at the schools due to the arears. GDOE responded they are in contact with utility agencies and makes every attempt to make payments so as no disconnection.</p> <p>OFB moving on to Old Business Item III. E. EFSC Scope Authority Duties and Responsibilities. OFB asked is there anything new to report. Parent Representative stated she is aware of a request to clarify the EFSC roles which was submitted to the AG Office. I'm sure they had asked for a legal opinion or something to that effect, but I was told that they had a meeting and it was clarified that they were wrong about what the EFSC roles were and it's very clear in the law; and people just weren't doing what we (EFSC) was supposed to do. I don't know if there is going to be a legal opinion issued in response. I wasn't here eight years ago when EFSC was first established but just this reporting that EFSC has been doing over the past 8 years is not – we've missed a lot of the issues that we should have been addressing. I don't know if it was at the direction because GDOE is part of this Commission, they're non-voting members, they are a part of EFSC meaning they know what is happening and whether – like I said I don't know how the directive came to just produce this form or if it came out of GDOE which it should not have come out of GDOE because they shouldn't be telling anyone over here what to do. And there are clear mandates. Like I said my office did tell me the mandates are very clear.</p> <p>GDOE asked can you please clarify about how the form was created and who's driving it because my understanding is we've never been the one to decide. Parent Representative stated they said it was Chris Budasi. OPA stated OFB has always been the lead responsible. Parent Representative and I think it was a decision based on everybody that was here at that time. OFB but based on our working session a few months ago, we put a listing of what would satisfy each mandate on the list (13 points). For example, a lot them are generated through the GDOE side like SOPs, Guidelines, Budget Request Etc. I know the one that OFB produces the FSD reports - that covers #3 of the 13 mandates. Parent Representative well, I'm going to interrupt you because reading this (the FSD report) it doesn't tell me anything. It's a chunk of money appropriated to a class category. It doesn't tell me what school is getting the money, it doesn't tell me what you're buying, it doesn't tell me what their plans are. So it's just a chunk of money allocated which is not really an operations (plan) to me because I need to know what we're spending this money on. When you have a budget just as a person, you're not going to go and buy (inaudible) and that is the reality of it. They've got to learn to stay within their means. And if the money is allocated to one category it should stay there and not be moved. Because they have obviously identified something they're going to</p>
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use it for. And this doesn't help me at all. This 12-month operations plan doesn't even tell me anything.

GDOE stated it (the plan) tells us the appropriations the YTD released and how much we've received per appropriation level. What it doesn't tell you is the expenditure (detail). I think she's making a good point. The new public law, Senator Nelson had put it in (PL 35-36 Chapter XII §31. Consolidated Expenditure Report) the appropriations act (PL 35-36 FY20 Budget Act) – this is very specific to break it down to each division: the appropriations, the expenditures and it should be reported every quarter. So I think if it's what the commission is asking for it's already required in the law. If you guys (the EFSC) have a different reporting requirement that you want us to adhere to then I think that that's a discussion that you have to bring to the table to see if this is enough and if this satisfies the requirement to trace expenditures of where and at what level and how much to pay and I think that this law (this report) is going to solve that. At least on paper over the past 8 years as you have overlaid (the FSD report) according to the statute, I can see how it does fall short. So now that we have this reporting mechanism in place, I think greater transparency will be achieved. GDOE asked Parent Representative if she thinks it is something that is in line with the statute to bring it GDOE's attention. GDOE is already preparing for this one (quarterly Consolidated Expenditure Report).

Parent Representative stated referencing one of the actual mandates is the 12-Month Operations Plan and also one of the other mandates is to review contracts prior to being sent to procurement of anything over \$1M and I think it is important for us to see where these expenditures and where these costs are being allocated to. Because if we really did need to move money, if we really – if that \$1M was more important than something else then we should be able to identify where they plan to take that money from and what we're going to compromise on with the schools (operations). I think it is important for us to know that. And I apologize, because I wear two hats; but I'm really a parent here.

GDOE restated the quarterly CER includes appropriations, each spending level, at each school to include encumbrances; reported to the Legislature, posted on GDOE website, and provided to each school administrator. So that on the finance side, we're matching our revenues with appropriations, cash received, our cash released and what this (report) now brings is on the expenditure side – at which level. Parent representative – I think now there is now some clarity. I think we should have invited the GEB Chair – was he invited. I asked at the last meeting that he be invited just in case they wanted clarity on

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anything or on what the issues could be. But apparently, I was told that my (AG) office has addressed that.

OFB moving onto Item IV. a. Financial Status Designation for the September 2019. OFB requested the report be tabled as it isn't ready for review.

Item IV. b. FY2020 12-Month Operations Plan. OFB distributed copies of the GDOE transmittal.

OPA noted although the plan notates the JFKHS (debt service and \$1,568,000) but it's not reflected in the schedule itself as GDOE's monthly appropriations/cash reports does. Members discussed appropriations for SSHS project (\$1M in FY19 and \$500K in FY20) and since the FY19 funding was continuous, whether the plan should include/exclude such continuous appropriations and prior year carry overs. Parent Representative suggested carry overs are monies that essentially become a part of the current year (spending). DOA asked what the status of the SSHS project and the expenditures of funds allocated.

GDOE responded the project is moving forward; of the \$1M in FY19 funding about \$100K was expended to complete the site prep; the next step to be completed by the end of the year is to send it (OEA services) out for bid. With regard to the carryover funds, the statute read \$1M for SSHS and the remaining balance to be used to offset operating expenditures. DOA stated because of the language – that funding was fully released to GDOE and is recognized (in the AS400 system) as fully expended. GDOE agreed and so for purposes of EFSC reporting – there isn't a need to include that funding in the FY2020 Ops plan. GDOE to date approximately \$3M was appropriated for SSHS but to date only \$1M in cash was actually received.

DOA asked BBMR about releasing allotments on the TEFf appropriations how can we be releasing allotments if revenues (real property taxes) cannot be realized until February of next year (2020). BBMR responded the releases are based on GDOE's request. DOA stated since October has passed, for Healthy Futures – DOA will be looking at the revenues and may be releasing some of that funding and other special funds like Limited Gaming. For Text books – like what we did before – if GDOE has invoices or purchase orders that have been already issued out for textbooks, provide it to DOA and they will go ahead and release the payment.

GDOE asked because of the way the textbook reads and there has been some changes to the language – but this textbook (funding) is provided for all schools. So the \$1.5 is available for us and private and charters. DOA responded they understood the other schools will go to GDOE request their needs and

IV. Financial Status

Designation for FY19
Month Ended

a. Sept 2019

b. FY20 12-Month
Operations Plan

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V. New Business	<p>GDOE disburses the textbooks to them. GDOE stated the language states schools' requests be based on an approved textbook listing – how will GDOE know the balance if these other schools request. DOA stated no release of funding and the procurement would be done through GDOE.</p> <p>OPA surmised the language appears deliberate that these other schools go through GDOE who procures in bulk and distributes the textbooks to ensure economies of scale for larger orders that includes both GDOE and these other schools' requests. GDOE reiterated the vagueness of the language raises questions as to what how would the \$1.5M be apportioned where GDOE has 41 schools with students to serve while 2-3 other schools have even less students.</p> <p>OFB offered to take the questions on Textbook appropriations back to the OFB director who could consult with the Vice-Speaker and perhaps get some clarity on the questions.</p> <p>Next item V. New Business. OFB there being none, moved to Next item next meeting. Members agreed OFB tentatively schedule for 3pm, Thursday December 19, 2019 for the EFSC December 2019 meeting and reserve the conference room in GDOE Building A in Tiyan. Without objection, OFB adjourned the meeting at 4:01 pm.</p>
a. Next Meeting Date and Time VI. Adjournment	

