

EFSC July 31, 2017 Meeting  
Superintendent Conference Room, GDOE Central Office, Tiyan

July 31, 2017  
In attendance:

William Taitingfong, BBMR  
Mary Grace Edrosa, DOA  
Jerrick Hernandez, OPA  
Taling Taitano, GDOE  
Lou Perez, GDOE  
Travis Carbon, GDOE  
Helen Legaspi, GDOE  
Justin Castro, GDOE  
Ariana Villaverde, OFB  
Barbara Blas, Senator Joe S. San Agustin Office

Meeting was called to order at 3:08pm, at the Superintendent Conference Room, GDOE Central Office, Tiyan.

Item 2 of the agenda, approval of the June 28 2017 minutes. Due to late receipt, BBMR motioned to table approval of June 28, 2017 minutes for next EFSC meeting. Motion was seconded by OPA and with no objections, motion passed.

Ariana let's move to item 3a, this is GDOE's Cash update. Lou reported, GDOE does reconcile with DOA regarding cash received. As of July 31, 2017 GDOE total cash received GF Operations \$165,819,782, variance with DOA \$0 and allotment versus cash received variance of \$5,366,313.84; GF Chamorro Studies \$0, \$0 variance with DOA and allotment versus cash variance of \$344,809; GF Textbook (advanced FY18) \$152,994.13 received, \$0 variance with DOA and allotment versus cash received variance of \$1,347,005.87; GF Y Kuantan Salappe \$160,918, \$0 variance with DOA and allotment versus cash variance of \$920,082; 1<sup>st</sup> Generation Trust \$100K, \$0 variance with DOA and allotment versus cash variance of \$0; TEFF \$9,715,313 cash received, \$0 variance with DOA and allotment versus cash variance of \$6,235,518. Total cash received for PLRF \$539,823, \$0 variance with DOA and allotment versus cash variance \$216,566.62; HFF-Sports \$335,000, \$0 variance with DOA and allotment versus cash variance of \$185K; HPA \$139,877 cash received, no variance with DOA and allotment versus cash variance \$139,877; HFF-Busing \$46,000 cash received, DOA variance of \$0 and allotment versus cash variance of \$46K; and Limited Gaming \$227.5K cash received, \$0 from DOA and allotment versus cash variance of \$406,436. Overall grand total GDOE cash received \$177,237,208; overall variance with DOA of \$0, and overall allotment versus GDOE cash variance of \$15,207,608.13.

Grace DOA's Cash Disbursement Report matches with the GDOE Cash Update. GDOE did request for a payment (\$868K) for GPA and Joanne was given instructions that that payment will be subtracted from GDOE's \$3.8M weekly cash allotment on Wednesday. I'm not sure who attended the meeting, however, our DOA director met with someone from the GDOE Office today and I'm just relaying the message that there will be an offset. Taling that offset means then that we won't be able to fully meet payment for our payroll vendors. Grace another concern that they had was under the object code for power: in previous fiscal years, the TEFF allotment was all under 361 for power. For some reason, that changed. Taling there is nothing in the law that says that, does DOA have a problem with that? Grace I understand that.

Taling the problem is when I met with Christine at the beginning of this fiscal year, Christine said and made it very clear, that she would not give GDOE any TEFF money (cash) until February. How can we pay our power bill if we don't have cash? So that's why we set up our utilities under General Fund because we were told we would not get any TEFF (cash) until February. Part of the issue we have is that even though you didn't pay utilities out of General Fund because BBMR has released it, I don't know that Bill is willing to go back and let us shuffle monies around for allotments that were already released. We would love to pay all of our utilities out of TEFF but we were told (no TEFF cash until February) and so again, how are we supposed to pay if we're not getting the cash. I understand historically, TEFF was used to pay for utilities, but if you're not going to pay us until February – GPA is not going to wait. Grace understood.

Grace for now, if you look at the appropriation balance under power, the available balance is \$0. Taling but isn't it budgetted under General Fund? Grace it's both (GF and TEFF). So all they're asking is maybe, do another adjustment; move some money from the 230 under TEFF to your 361 which is your power? Taling again, part of our issue is that BBMR is hesitant to do a modification if the money has already been released. Grace I've been talking to Helen and for us – that's why it's really important if you could just collapse everything into just one object code. Taling we've been asking that; we've written 2 letters.

Grace this kind of issue comes up towards the end of the fiscal year and that's one way to avoid it. OPA I thought that was when we said just write letter. Taling I did write the letter (twice) and to both agencies. Grace right but it's not with DOA it's with Budget (BBMR). Taling but the law says it was up to DOA; anyhow, we wrote the letter to both agencies. Bill that was only because the law says we cannot impose any reserves and exempted from any allotment control like UOG, GCC, GMH. We weren't sure if we were supposed to do that as well. But after discussion with DOA, we went ahead and established the accounts and the object categories the way GDOE had (initially) submitted in its allotment schedule.

Taling subsequent to that, based on discussions at EFSC, GDOE did ask if we could move to object class 290 and I don't think we got a response to our request. Bill it may be a problem this year but I think that is a move that you can do on your allotment schedule for next year. I believe that was also recommended by DOA. Taling this whole thing about utilities and contractual (how much is allotted for each) – it's all arbitrary. Grace agreed; that's why when Ricky asked how does DOA determine what object codes to pay. What we do because it's mostly payroll, that's first. But now that Joanne is now the one handling it, what she's doing is dividing it among the different object codes but the results are still the same because of the controls already within your department.

Taling agreed, if you give us money and you say we're supposed to pay our vendors but we need money for payroll, we're going to pay our payroll first. Grace so again, for now with DOA, if you ask for money for power they're going to look at the power object code. Bill the only concern I had with the modifications is that Becky had given me a call and given me a heads up, there is a modification coming to move funds. The only I had was that if you're taking it from months that were prior released, you've got to make sure that those funds are available in order for you to do so. It would have to show as available in the AS400 system.

Grace also the TEFF funds it's coming to if not all of it has been paid already but the remaining balance is small. Taling (the remaining balance) is \$6M. Grace I don't know if it is still \$6M. Taling I don't think that we've received any more (TEFF) money. Grace no that is the appropriation but based on actual revenues collected (all of it has nearly been paid). Bill we still have July, August, and September. Grace maybe in the

next meeting I'll bring a more updated report on the TEFF: see how much of the total revenue is, how much has been paid out and paid to GDOE.

Lou when you say minimal, how much are you thinking is the remaining balance from TEFF? Grace they're just giving me general information right now; it's low. If we still have 2 more months in the fiscal year and you're averaging \$850 to \$900K for power and from what I understand you have contractual obligations that you guys have already encumbered. Lou so you're saying it's (the TEFF balance) is not \$6M. Grace it's much lower than that based on actual collections. Taling here we were chastised by the Speaker for saying there's not enough money in TEFF. Bill based on appropriation and what has been paid out the balance is \$6M.

Grace do you recall Bill last year, how much the appropriation, the actual paid out? Taling last year GDOE got paid out all of its appropriations in TEFF. It was (GDOE's) General Fund (appropriations) that was shortaged (in terms of cash received). We actually might have gotten the balance well after the fiscal year had closed but before the books were closed (in January). Lou so under Salappe Prinsepat and Chamorro Studies, that's General Fund, is there any anticipated cash coming from those appropriations? Salappe Prinsepat normally funds our schools and use it for supplies. It would be nice if we got at least half of that money (in cash). Grace right now because the funding source for operations, the funds for operations, Salappe, and Chamorro Studies – they're all the same, which is the General Fund. It's the same application. If we give you money for your Kuantan Salappe, it's going to be reduced from your operations. OFB so DOA is still sticking to that \$3.8M weekly scheduled disbursement until the end of the fiscal year? So it's going to be shorted in cash -. Taling is that \$10M, plus the \$6M from TEFF, you're not going to pay GDOE \$16M? That's a lot of money. Grace I'm going to bring that up to the DOA director. Yes it is a lot of money. OFB there's no way. Grace there's no way they can (manage that); we know. That's why I'm trying to get our Deputy to be here. The reason why we're all here is to provide support to GDOE. I'm only a messenger.

OFB but at least you know, you can plan, you know there's going to be a shortfall already. Taling it's not like we can cut \$16M in August and September. Grace I know and I understand. I will schedule to meet with the Director and at least find out. Taling all that's left is going to be needed to pay salaries. The issue is that we have power, water, our custodial contracts (these are fixed costs). The reason why they're meeting with the DOA Director today is because we haven't paid our food services vendor (for lack of cash) and schools starting up; we owe them \$4M, that's the local portion. We pay \$1.8M a month, \$1M comes from the federal funding and we pay the \$800K in local funds times the months we haven't paid equals the \$4M we owe.

Grace I don't have the schedule of what we paid for this fiscal year from prior year. If you recall how our director was doing it was, okay this is your appropriation this year. But there are some other obligations unpaid in the previous fiscal years that were being paid this year. Taling I think it's good to say we're not going to pay for prior period with current funds. The reality is: it's not like Retirement is going to say okay, you don't have to pay us, the fiscal year closed; or even National Office Supply. If we don't pay them then they'll stop taking our purchase orders; and we keep changing vendors because we're finding vendors we haven't stiffed so much and are still willing to do business with us. Grace I'll meet with the Director and I'll let her know that it is a concern. Bill you're still able to meet the \$3.8M weekly disbursement. Grace yes. Taling again, that only covers our payroll.

OFB stated let's move to the BBMR Appropriation/Allotment Status Reports item III. BBMR distributed the Appropriation Allotment Status Report as of July 31, 2017 GDOE GF Operations Fund appropriation is \$200,177,066, YTD allotment release is \$171,186,096 YTD expenditures \$165,819,782.16, available \$5,366,313.84, unallotted balance \$28,990,970 with \$0 in reserve. Guahan Academy Charter School appropriation \$6,388,931 with breakout to the charter schools for Guahan at \$3,703,635 and for l'learn \$2,685,296 for a total of \$6,388,931 YTD allotment release, total \$6,388,927.16 YTD expenditures (\$3,703,632.76 for Guahan and \$2,685,294.85 for l'learn); total available \$3.39.

Chamorro Studies appropriation \$401,207, YTD allotment release \$344,809, YTD expenditures \$0, available \$344,809, unallotted balance \$56,398 with 0% in reserve; Y Kuantan Salappe appropriation \$1,081,000, YTD allotment fully released \$1,081,000, YTD expenditures \$160,918, available \$920,082, unallotted balance \$0 with \$0 in reserve; Advanced Textbooks appropriation \$1.5M; YTD allotment fully released \$1.5M; YTD expenditures \$152,994.13, available Balance \$1,347,005.87, unallotted balance \$0 with \$0 in reserve; 1<sup>st</sup> Generation Trust appropriation \$100K, YTD allotment release \$100K, YTD expenditures \$100K, available balance \$0, unallotted balance \$0 and \$0 reserve. Total GF appropriation \$211,319,273; YTD allotment release \$180,600,836; YTD expenditures \$172,622,621.90; available \$7,978,214.10; unallotted balance \$30,718,437 and \$0 in reserve.

GDOE Operations Fund from TEFF appropriation \$15,950,831, YTD allotment fully released, YTD expenditures \$9,715,313 available balance \$6,235,518, unallotted balance \$0, and \$0 balance in reserve; TEFF appropriation for the JFKHS maintenance \$1,568,000, allotment fully released, fully expended and no reserve.

The PLRF appropriation \$907,668, YTD allotment \$756,390, YTD expenditures \$539,823.38 available \$216,566.62, unallotted balance \$151,278 and \$0 balance in reserve. HFF – Sports appropriation \$520K, YTD allotment fully released, YTD expenditures \$335K, available \$185K, unallotted balance \$0 with \$0 in reserve; HFF-Busing appropriation \$92K, YTD allotment fully released, YTD expenditures \$46K, available \$46K, unallotted \$0 with \$0 in reserve; and HFF- Health and Physical Education appropriation \$279,754, YTD allotment fully released, YTD expenditures \$139,877, available \$139,877, unallotted balance \$0 and \$0 in reserve. Limited Gaming Fund appropriation \$633,936; YTD allotment fully release \$633,936; YTD expenditure \$227,500; available balance \$406,436; unallotted \$0; and \$0 held in reserve.

Overall GDOE Totals: appropriation \$231,271,462; YTD allotment released \$200,401,747; YTD expenditures \$185,194,135.28, available balance \$15,207,611.72; unallotted balance \$30,869,715 and total \$0 balance in reserve.

Ariana let's move onto Item III.d. GDOE's Accounts Payable Aging report. As of July 31 2017 total outstanding is \$11,684,710.28: current past due \$8,718,145.61; 30 to 60 days \$260,757.63, 60 to 90 days \$355,160.62, and 90 days and over past due \$2,350,646.42. Of the total outstanding, \$11,045,483.76 is local, federal portion is \$639,226.52.

Grace I was just looking at Bill's report. If we do continue the \$3.8M for the remaining 2 months which we have about 9 more weeks, all of your operations should be paid out, the remaining \$34M balance. The only ones of concern right now are the other General Fund appropriations – Chamorro Studies, Salappe, Textbook. I will bring those (balances) up and find out what the statuses on those are and get back to the EFSC members. Taling are we going to get our Special Funds (HFF, TEFF, PLRF, Limited Gaming). Grace I'll have to find out – I was only talking about your General Fund Operations Fund.

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Taling on the Limited Gaming fund, is that a continuing account. BBMR and DOA agreed, yes it is a continuing account. Taling we only received (cash) for one fiscal year; then in the next 2 fiscal years, we didn't receive any (cash); and for this year, we haven't gotten any (cash). Because they are continuing, GDOE should be able to go back and request for those funds for sports related expenses. DOA agreed and stated they would get an updated report on the prior year Limited Gaming continuing funding. GDOE stated that would be good because I don't know if we saw any amounts loaded and we're not sure if we have to ask. Grace yes it was loaded, but let me find out and get a full status report for you and get back to the EFSC.

OFB we don't recall if there was any Limited Gaming provided to GDOE in FY2016.

Ariana Item IV we have the financial status designation report for the month of June 2017. There are C-Watches for contractual, water and telephone and a B-warning for telephone for the year to date variance. BBMR this is pretty much the same status as last month's report. Taling and so the way this works is it is based on our appropriations. So we can get no money and still, theoretically be A-Stable, even though we don't get the cash to pay our bills. OFB yes that's correct; Financial Status Designation reports are based only on appropriations and GDOE's actual expenditures. OPA agreed, only on appropriations even though GDOE doesn't get a 100% of its appropriations; the basis of the reports is stipulated by law. OFB asked whether GDOE believes the reports should be based on cash.

Taling I'm just making a comment, I am not suggesting we make any changes to the EFSC reports. However, more and more it's becoming apparent that GDOE's issues more and more is really about the cash situation rather than the level or amount of appropriations provided. Members agreed.

With no further questions or discussion, BBMR motioned to approve June 2017 FSD report with C-Watches for contractual, water and telephone and B-Watch for telephone; motion was seconded by DOA and without objection motion passed.

Ariana under new business, there being none, next item is the next meeting date. Members agreed OFB tentatively reserve the GDOE Superintendent's conference room for August 30th for the EFSC August meeting.

OPA motioned to adjourn; motion was seconded by BBMR and without objection, meeting was adjourned at 3:53 pm.