

GUAM DEPARTMENT OF EDUCATION FINANCIAL SUPERVISORY COMMISSION (EFSC)

Virtual Zoom Meeting

September 23, 2021

MEETING MINUTES

AGENDA	DISCUSSION/TOPIC	ACTION/ STATUS										
<b>In Attendance</b>  <b>I. Call to Order</b>  <b>II Review and Approval Minutes</b> a. August 26, 2021   <b>III. Old Business</b> a. GDOE Cash Report FY2021 b. Reconciliation of Cash Disbursements	<p>September 23, 2021 In attendance:</p> <table><tr><td>William Taitingfong, BBMR</td><td>Zenaida Asuncion, GDOE</td></tr><tr><td>Vanessa Valencia, OFB</td><td>Helen Legaspi, GDOE</td></tr><tr><td>Grace Edrosa, DOA</td><td>Margaret Artero, GDOE</td></tr><tr><td>Vincent Duenas, OPA</td><td>Sheena Mitchell, GDOE</td></tr><tr><td>Carol Hinkle-Sanchez, Parent Representative</td><td></td></tr></table> <p>Meeting was called to order on Virtual Zoom Platform at 3:00pm.</p> <p>BBMR Item II of the agenda, approval of August 26, 2021 minutes. OFB motioned to table the item as Minutes were not provided, without objection motion carried.</p> <p>GDOE distributed FY21 Cash Update. As of September 23, 2021 GDOE total FY21 cash received GF Operations \$173,901,867.61 cash received, GF Chamorro Studies \$503,901 cash received, GF SSHS Procurement \$490,365, GF Textbook \$988,619.93; GF Supplemental \$2,675,954.99; TEFF Operations \$13,113,497; TEFF ADRMS \$35,000; TEFF Sch Grds Maintenance \$352,936; PLRF \$523,956, HFF-Ops \$891,754; Limited Gaming \$264,709. Grand Total Cash received \$193,742,560.53.</p> <p>GDOE asked whether cash disbursements for Limited Gaming may be released. GDOE stated Limited Gaming revenues are low; however, they will be up thru and before the ‘hard close’ (sometime in November 2021) of FY2021 in the AS400 system assessing all the special funds and issue releases accordingly. Based on DOA’s calculations, they will be releasing a \$350K from GDOE’s TEFF Operations appropriations.</p> <p>DOA distributed the Cash Disbursement Report as of September 23, 2021. It was noted the report reconciles with the GDOE Cash Update report.</p>	William Taitingfong, BBMR	Zenaida Asuncion, GDOE	Vanessa Valencia, OFB	Helen Legaspi, GDOE	Grace Edrosa, DOA	Margaret Artero, GDOE	Vincent Duenas, OPA	Sheena Mitchell, GDOE	Carol Hinkle-Sanchez, Parent Representative		
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<p>c. BBMR Appropriation/Allotment Status</p>	<p>BBMR stated let's move to the BBMR Appropriation/Allotment Status Reports item III. BBMR distributed the BBMR Appropriation/Allotment Status Report FY2021 as of September 23, 2021: GF Operations appropriation \$175,710,358 allotment fully released YTD expended \$173,901,861.61, available \$1,808,490.39 YTD unallotted \$0; Simon Sanchez appropriation \$500K, allotment fully released, \$490,365 expended, \$9,635 available, YTD unallotted \$0; Chamorro Studies appropriation \$513,824 allotment fully released, YTD expended \$503,901, available \$9,923 YTD unallotted \$0; Advanced Textbooks appropriation \$1.5M, allotment \$1.5M released, \$988,619.93 expended, \$511,380.07 available, YTD unallotted \$0; GF Supplemental appropriation \$2,675,954.99, allotment released and expended \$2,675,954.99, available \$0; Total GF appropriation \$180,900,136.99, YTD allotment fully released, YTD expended \$178,560,708.53, Available \$2,339,428.46, YTD unallotted \$0.</p> <p>TEFF Operations appropriation \$15,036,704, allotment fully released, YTD expended \$13,463,497, YTD \$1,573,207 available, YTD unallotted \$0; ADRMS appropriation \$40K, YTD allotment fully released, YTD expended \$35,000, YTD \$5K available, YTD unallotted \$0; School Grounds Maintenance appropriation \$385,022, YTD allotment fully released, YTD expended \$352,936, YTD \$0 available, YTD unallotted \$0. Total TEFF appropriations \$15,461,726, YTD allotment fully released, YTD expense \$13,851,433, YTD available \$1,610,293, YTD unallotted \$0.</p> <p>PLRF appropriation \$915,082, YTD allotment fully released, YTD expended \$523,956, YTD available \$391,126, YTD unallotted \$0. HFF-Operations appropriation \$891,754, YTD allotment fully released and expended \$891,754; LG-Sports Facilities appropriation \$535,801, YTD allotment fully released, YTD expended \$264,709, YTD available \$271,092 YTD unallotted \$0. Grand total appropriation (excluding \$1,568,000 JFKHS add'l rents maintenance and insurance) \$198,704,499.99, YTD allotment fully released, YTD expended \$194,092,560.53, available \$4,611,939.46, unallotted \$0. BBMR noted there were some differences between DOA and GDOE's reports (the soon to be released \$350K in TEFF appropriations mentioned earlier). DOA affirmed.</p> <p>BBMR stated GDOE Deputy had asked and BBMR is allowing GDOE Deputy time to discuss what might have been a miscommunication based on the story that ran in the Guam Post Article regarding GDOE's Aging Report presented in the EFSC August 2021 Meeting. GDOE Deputy stated the article stated GDOE's Financial Report was being questioned for accuracy; the article revolved around the Aging</p>
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Report. Most of you EFSC members know the Aging Report is exclusively to cover the vendors and the liabilities under the Local budget; you also know there are 2 Audit Reports that are generated at every fiscal year end. The 2 Reports are the GF Financial Statement for Local transactions and the other is the Financial Statements for Compliance Reporting that accounts for all the federally funded transactions.

There was an issue or a question with regards to the payment of YEP or Student Stipends that are funded by the ARP (American Rescue Plan) and why they are not appearing in the Aging Report. So of course, it does not add up. We're trying to mix apples and oranges. GDOE's report to this Committee has always been on Local appropriations per the Budget Act – meaning revenues and expenditures are not mixed with the federal transactions. Payments of the Interns – it was asked, that do not get reflected in the Accounts Payables Aging Report. GDOE has explained at great length these are just for local vendor payments – it has always just been based on GovGuam appropriations. GDOE's Munis System – any payable transactions that goes into the Munis System they are coded. One code goes to the Local and one code goes to the federal. So automatically, when we pull out the transactions for the reporting, one would pull out the codes that would deal with Local and then the SEFA [Schedule of Expenditures for Federal Awards] – so then these are given to the Auditors (at year end) for testing. GDOE always gets 2 audit reports that are issued as of March 31<sup>st</sup> – that's the last time we did that. 1) is the basic financial statements that are locally funded transactions and 2) the single audit report – that's the federally funded transactions. GDOE is quite sure, most of you understand the separation.

After that Post Article came out, GDOE got a lot of phone calls, specifically, from GEB Board Members who were concerned about the Article. GDOE Deputy respectfully requested a motion be made that before any EFSC Minutes goes out to the Media, there has to be a discussion among the Committee members before any kind of confusion or misunderstanding in the EFSC presentation of reports. And if GDOE could please be included and be given a chance to further explain before something goes out of whack in the media; that's all I ask. GDOE Deputy informed members the next person who would assume her responsibility with EFSC would be GDOE designated Acting Deputy Superintendent would be Frank Cooper-Nurse who has attended EFSC meetings before. GDOE Deputy thanked members for the opportunity to explain the miscommunication from the Post Article.

Parent Representative thanked GDOE Deputy for the clarification (and explanation) and stated unfortunately, EFSC meetings are actually public meetings under Guam law. They are open - anybody can attend them or hear (recordings) while they are happening. That's just the process. She stated there isn't a motion that can do anything about that because it is Guam law.

GDOE Deputy asked who is going to protect us for stuff like this that goes out that not true; who is going to protect GDOE. Parent Representative stated GDOE could have asked for a clarification article be done. When reports come out, most people aren't going to understand it – I mean to the lay person that's out there, you know the people in our general population isn't going to understand those reports. And it's going to look misleading to a lot of people. Because you're up-fronting local money and it's being reimbursed – so it's not going to make sense; so like they're going to think maybe it's a deduction – I mean those kind of things. Unfortunately, it's the new law requires this Commission's meetings to be public as it is happening.

GDOE Deputy responded that's more the reason that there needs to be a meeting of the minds for the members of the committee before something like this goes out in the media. Parent Representative that's what I'm saying. The Media is going to access this – our discussion as it is. I know we have a meeting of the minds as to what happened there; that's why we talked about breaking out, you know noting that it is federal dollars being used that that's going to be placed right back into it. But like I said, these are things that the public anyone can listen to this Commission meeting; it's open, you have that open law rule and it just needs to be clarified. GDOE Deputy stated she has said what she wanted to say and will not push forward for further discussion on this.

OPA stated for clarification he sees both Parent Representative and GDOE Deputy's points. I don't think a motion is necessary; the reason that is - is because a reporter was actually in that meeting and that's where she got that information. I believe the OFB or whoever it is that sends out the public notices sends out that same link. So it was just a matter of the reporter being in the meeting already and they were following along with the meeting (proceedings and discussion). I think it was just a misunderstanding as to us (the EFSC) putting out that information; as Parent Representative indicated these meetings are actually open to the public right now. Anybody can come in that was provided with the link and could be following along with this meeting and what they did is they wrote a story based off of the discussion that was going on in real time. I think it was a matter of them not understanding because you did provide an explanation during that meeting as to why the students weren't paid. For me, I don't think a motion is necessary. It just so happened that a reporter was in the meeting; right now there are 10 people in this

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<b>d. Accounts Payable Aging</b>	<p>meeting and I don't see any reporters maybe they saw the agenda and didn't think what was going to be on here was worth covering.</p> <p>BBMR agreed and thanked GDOE Deputy for the clarification on the misunderstanding or on what actually occurred after the Article was published.</p> <p>BBMR moving onto Item 3d the Accounts Payables Aging reports: as of September 23, 2021 total AP Aging Balance of \$6,150,740.02: \$399,926.93 current; \$1,704,887.74 is 30-60 days; \$1,502,931.50 is 60 to 90 days; \$2,542,993.85 is 90 days and over. Pending [unposted] Invoices scheduled for payment: Power \$821,400.24; Water \$188,847.16; FSMC Sodexo \$2,197,379.63 totalling \$3,207,627.03.</p> <p>BBMR noted and asked the report is just locally funded payables. GDOE Senior Accountant responded the Sodexo is the reimbursement which is part of the public law (Budget Act); GDOE expects to receive about \$1.5M for Sodexo so a little less than a million on payments for the local side.</p> <p>BBMR noted usual big ticket items power, water, as well as, Sodexo and asked what is Alvarez and Marsal payment. GDOE replied it is GDOE's Third Party Fiduciary Agent (required under GDOE's High Risk Grant Status as a recipient of U.S. Ed grant awards).</p> <p>GDOE Deputy added GWA and GPA has been pretty lenient to GDOE (in light of weekly cash releases) in terms of them trying to collect all the amounts that are due to them. They have agreed that we can pay down so long as it's not over 120 days. That's what we're trying to look at in trying to minimize our liabilities to that. GDOE thanked GWA and GPA for being understanding. OPA asked whether the utilities were charging late fees. GDOE Deputy stated no they are not. OPA stated on the residential side, they not only charge you late fees but after 45 days, they cut you off. GDOE Deputy stated I think (they consider) it's a public service to the Department of Education for the kids, etc. so GDOE is grateful they are doing it for them. But GWA is raising their rates.</p> <p>BBMR asked the scheduled (GPA) payment of \$821,400 .24 and GWA is \$188,847.16 that would take care of the 90 (days) and over and the 60 (days) and 90 for GPA. And the Sodexo (scheduled payment) would take care of the 90 days and over, as well. GDOE affirmed.</p>
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<p><b>IV. FY 21 FSD Reports</b> a. August 2021</p>	<p>Parent Representative asked if GDOE mentioned that Sodexo is partially federal – the \$2M (scheduled payment). GDOE affirmed. Parent Representative asked of the \$2M what is the percentage – what is the ratio of federal to local. GDOE Deputy responded 60 to 40 (percent). The 40% is the local that is appropriated under the public law (Budget Act) and the 60% comes in automatically from the federal agency and we turn around and remit that right away. Parent Representative asked so GDOE is paying that amount (\$2.1M) and they are going to get back 60% of it. GDOE Deputy stated actually they bill GDOE; it's not actually upfront; based on the invoices and the billings. For the month of August, which we receive in September – for September, we're tracking for October – so there is a one-month leeway for us to prepare for it. Parent Representative asked so do they bill GDOE 60% or do they bill you at the 40%. GDOE Deputy stated they bill GDOE on both. And then the billing they segregate the percentage, it all comes out in one billing. Parent Representative asked so then GDOE pays at the 100% and then does GDOE get back 60%; is that how it works. GDOE Deputy affirmed. Actually, sometimes GDOE gets the 60% earlier or rather simultaneously, when GDOE is given the billing for the federal. Parent Representative asked they pay GDOE the 60% (earlier). GDOE Deputy replied yes, sometimes they do.</p> <p>BBMR Moving on to Item IV. a. FY2021 Financial Status Designation reports for month ending August 2021: indicating C Watches in object category 111 Salary, 113 Benefits, and B-Warnings for object category 113 Benefits.</p> <p>BBMR asked OFB to refresh members, regarding the manual adjustment -\$6,636,135 under Capital Outlay – is that for debt service payments. GDOE Accounting Supervisor affirmed, that is debt service and asked that it be notated before the report is finalized; debt service for JFKHS and OHS. BBMR asked so based on the August report it looks as if GDOE is anticipating a shortfall. GDOE responded unfortunately, yes.</p> <p>Parent Representative asked does the shortfall include the money GDOE is going to get back from the feds; all those federal monies (GDOE is reimbursed). GDOE Deputy affirmed. When GDOE does its financial statements they are based on an accrual; so any kind of receivables that GDOE has advanced has to be incorporated in GDOE's financial statements.</p> <p>BBMR emphasized Parent Representative's question (is based on) like Sodexo the reimbursement you expect to receive on the local side: does that take into account in your projection. GDOE Deputy affirmed. Parent Representative asked where would she find that in this projection.</p>	
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BBMR suggested under (object category) 230 Contractual. [Depicted below:

Department:	Guam Department of Education								
Fund:	Consolidated Local Funds								
Account No.:	ALL								
Budget Act(s):	P.L. 35-99								
YTD Exp.Date	8/31/21								
A	B	C	D	E	F	G	H	I	J
Account Code	Budget Act(s) Appropriations	Reserve	Allotments	GDOE YTD Expenditures	Manual Adjustment	Projected Remaining Expenditures	Projected Lapse/ (Shortfall)	CODE	Encumbrances
111 Salary	115,941,892	-	115,941,892	111,737,340	-	14,886,846	(10,682,294)	C-Watch	-
112 OT	3,000	-	3,000	490	-	63	2,447	A-Stable	-
113 Benefits	41,852,045	-	41,852,045	42,426,854	-	5,548,740	(6,123,549)	C-Watch	-
Total Personnel	157,796,936	-	157,796,936	154,164,684	-	20,435,649	(16,803,397)	C-Watch	-
220 Travel	13,088	-	13,088	2,248	-	204	10,635	A-Stable	-
230 Contract	21,120,781	-	21,120,781	12,594,183	-	1,144,926	7,381,673	A-Stable	7,502,567

Parent Representative asked where would it be depicted (the calculation). Deputy stated it should not be part of this (the FSD Report) because it is part of the Local fund (financials). But in GDOE's financial statements, GDOE recognizes the receivables (which are applied) – these are expenditures.

Parent Representative asked so where would I see that because you are using Local funds to pay upfront federal funds that's going to be – you're going to receive it back – and it should go back into Local funds because that's where you pulled it out of. GDOE Deputy affirmed, that's why GDOE recognizes it as a receivable. Parent Representative asked where is that at in this report that's going to show that that is going to come back in. GDOE Deputy stated this report is just expenditures; it does not show any (inaudible) accounts or balance sheet items, so there are no receivables (reflected) here. But whatever is showing here should only be to recognize expenditures that is the 40% (Local Share). The 60% should not show here – what is captured here is only the 40% Local (for the Sodexo expenditure).

Parent Representative asked isn't this (the FSD report) GDOE's GF budget. I mean this (the upfront costs) is coming out of the GF. GDOE Deputy affirmed and asked members not to confuse cash from expenditures. Cash is either receivables or liability and these are just account codes (in the FSD reports) that are reflective of the expenditures (local) against the appropriation.

Parent Representative so that's what I'm saying. So if you think about it – you pull out of your appropriation monies to upfront federal. GDOE Deputy said no, so sorry, we don't pull out of the appropriation because that appropriation is a fixed budget amount: you pull out from the cash. Parent

Representative asked so it is not accounting for in this (the FSD report) document. GDOE Deputy affirmed, the report has account codes for expenses – there is no receivables accounted for in this report. Parent Representative asked so when GDOE gets back the 60% (in cash) where does that money go. GDOE Deputy responded it has to go back to GDOE's cash. Parent Representative asked and that's in a separate document. GDOE Deputy affirmed.

Parent Representative asked and is that cash flow then money that GDOE can use for whatever. GDOE Deputy responded it goes back to the local appropriations – it goes back to GF Ops or TEFF Ops appropriations. Parent Representative asked so if you look at the report and asked it should go back into that category – like salaries. GDOE Deputy responded no, it doesn't need to be – it can go anywhere into the account codes because this is advance money, an advance cash. GDOE doesn't reduce the amounts in the account codes (reflected in the FSD reports) – we reduce the cash and cash is for everybody – whatever it is that is in our coffers. It (GDOE cash reports) is not saying cash is for salary, for OT, for benefits – it's just an amount of money in the Bank of Guam. Parent Representative said because you're going to decide where you're going to put it. I think at the end of the day, I've said this before, you are the only agency that is not restricted like the rest of us (agencies). We are specifically allocated money into categories and we cannot move it around. So basically, I'm saying you (GDOE) has the flexibility of putting it anywhere but I am saying – I guess my point is that amount is eventually going to go back into one of these categories. GDOE Deputy replied yes that is correct.

Parent Representative stated so if that amount is going to go back into these categories then these negative amounts (projected shortfalls in the FSD report) shouldn't be there. GDOE Deputy asked what do you mean they (negative amounts) should not be there. Parent Representative said because these monies that you've pulled out of your cash, to advance (reimbursements) of federal dollars is still your money – the 60% is still coming back to you.

BBMR suggested to Parent Representative that would probably show up in the September (at year end). You are probably correct the reimbursement would be placed back so the August report is showing \$16M in the red for personnel and \$13.7M in the plus for operations with a \$3M (overall) shortfall. So if they do get reimbursements for Sodexo (expenses) that goes back into the GF and hopefully, that would reduce the \$3M (projected shortfall). GDOE Deputy sometime if it goes back in the same month, there would be no effect. But if it's taken in advance in September and it's reimbursed in October – then like BBMR said it's going to be reflected in October. So in the end if you add those 2 it's going to be zeroed out.

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<p><b>V. New Business</b> • Next Meeting Date and Time</p> <p><b>VI. Adjournment</b></p>	<p>BBMR hopefully, we don't like to see those shortfalls, but hopefully that shortfall disappears or it gets reduced by the months' end in September. Hopefully GDOE will get its remaining fund balances and that would help also reduce those shortfalls. BBMR noted if you look at the GF – that (overall) \$3M shortfall, it's actually \$8M in the GF. GDOE Deputy said GDOE is always going to have a shortfall. GDOE's bi-weekly payroll is close to \$4M but we only get an appropriation release from DOA of about \$3.5M (a week). GDOE is on a deficiency of about \$400K cash shortage. So at the end of the day, whatever those employees that are there in our budget would eventually be not being funded because of the shortage of cash.</p> <p>Parent Representative motioned to approve the August 2021 FSD report; OPA seconded the motion and without object motion carried.</p> <p>BBMR stated for information, BBMR did transmit FSD reports for June and July 2021 and members should be expecting GDOE responses sometime soon.</p> <p>Next item V. New Business</p> <p>BBMR reminded members GDOE Deputy mentioned in last meeting she would not be in attendance of the October meeting. GDOE Deputy thanked the leadership of EFSC for giving her the opportunity to lead her GDOE staff in participating in EFSC meetings and proceedings. She stated she learned a lot from the goings on, the reconciliations between DOA and BBMR. BBMR thanks GDOE Deputy for her participation in the EFSC meetings.</p> <p>DOA noted for DOA it was good to know (and see during GDOE Deputy tenure) how much GDOE Deputy has reduced GDOE's Accounts Payables. Last year, towards the end of the fiscal year, DOA asked members (and recalled) weren't we (EFSC's monitoring) almost at \$10M to \$12M in the AP Aging reports. Kudos to GDOE Deputy (for that feat). BBMR wished GDOE Deputy and recalled the announcement that Franklin J.T. Cooper-Nurse would be stepping in as Acting GDOE Deputy.</p> <p>Next meeting. OFB suggested tentative Thursday, October 21, 2021 for next meeting and without objection, EFSC October Meeting be scheduled for October 21, 2021 via virtual zoom. With no further business OFB motioned to adjourned, seconded by DOA and without objection, meeting was adjourned at approximately 4pm.</p>	
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