

GUAM DEPARTMENT OF EDUCATION FINANCIAL SUPERVISORY COMMISSION (EFSC)

Building A Conference Room, GDOE Central Office Tiyan

April 18, 2019

MEETING MINUTES

AGENDA	DISCUSSION/TOPIC	ACTION/STATUS
In Attendance	<p>Edlyn Dalisay, OPA Bill Taitingfong, BBMR ArniLynn Lujan, DOA Carol Hinkle Sanchez, Parent Rep Taling Taitano, GDOE</p> <p>Meeting was called to order at 3:02pm at the Building A, 1st Floor GDOE Conference Room, Tiyan.</p>	<p>Vanessa Valencia, OFB Lourdes Perez, GDOE Helen Legaspi, GDOE Travis Carbon, GDOE Justin Castro, GDOE</p>
I. Call to Order	<p>II Review and Approval Minutes a. March 28, 2019 Meeting</p>	<p>Item 2 of the agenda, approval of the March 28, 2019 minutes – OFB stated GDOE is still finalizing the minutes, approval of minutes to be tabled for next meeting. BBMR moved to table approval of meetings. Motion was seconded by DOA and without objections, motion passed.</p> <p>GDOE distributed FY19 Cash Update. As of April 18 2019 GDOE total FY19 cash received GF Operations \$105,265,663 cash received, \$0 variance with DOA and Allotment vs Cash variance \$3,500,705; GF Chamorro Studies \$22,434.96 cash received, \$0 DOA variance, \$204,121.04 allotment vs cash variance; GF SSHS Procurement \$37,037.04 cash received, \$0 DOA Variance, \$712,962.96 Allotment vs Cash Variance; Textbook \$55,555.56 Cash received and \$0 variance with DOA, \$1,444,444.44 Allotment vs cash variance; TEFF \$4,975,496.81 cash received, \$0 DOA variance, \$4,987,887.19 allotment vs cash variance; TEFF 1st Gen Trust \$0 cash received, DOA and allotment vs cash variance.</p> <p>Total cash received for PLRF \$489,116 cash received, \$0 DOA variance, \$81,520 allotment vs cash variance; HFF-Sports \$131,228 cash received, \$0 DOA variance,</p>

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		\$50,827 allotment vs cash variance; HPA \$139,879 cash receive, \$0 DOA variance, and \$8,873 allotment vs cash variance; and Limited Gaming \$131,228 cash received, \$0 DOA variance, \$262,457 allotment vs cash variances. Simon Sanchez FY18 GF Continuing OEA & A & E \$1,500,000 allotment release, \$0 cash received, \$0 DOA variance, \$1,500,000 allotment vs cash variance. Overall grand total (excluding FY18 GF Continuing and JFKHS FY19 \$1,568,000 Maint. & Insurance) \$11,470,368.37 GDOE cash received, \$0 DOA variance, \$11,253,797.63 allotment vs cash variance.
b. Reconciliation of Cash Disbursements		OFB moved onto Reconciliation of Cash Disbursement agenda item. DOA distributed the Disbursement Report and noted all are reconciled. GDOE concurred and stated they are working closely with DOA.

OFB stated to move to the BBMR Appropriation/Allotment Status Reports item III. BBMR distributed the BBMR Appropriation/Allotment Status Report FY2019 as of April 18, 2019: GF Operations appropriation \$188,360,473, total released \$108,766,368, YTD expended \$105,265,663, available \$3,500,705, unallotted balance \$79,594,375; Charter School appropriation Balance \$6,577,094, appropriation \$3,833,386 (\$1,562,112 Guahan, \$1,771,274 I'learn, \$500,000 Science is Fun), allotment release \$3,833,386, year to date expended \$4,193,911.19, available - \$360,525.19 awaiting de-appropriation.

GF SSHS Procurement appropriation \$1M, YTD allotment release \$750K, YTD \$37,037.04 expenditure \$712,962.96 available, \$250K unallotted; Chamorro Studies appropriation \$401,207, YTD allotment release \$226,556, YTD expenditures \$22,434.96, available \$204,121.04, unallotted balance \$174,651; Textbooks appropriation \$15M, YTD allotment release \$1.5M, \$55,555.56 expenditures, \$1,444,444.44 available, and \$0 unallotted balance. Total GF appropriation is \$201,672,430; YTD allotment release \$115,076,310; YTD expenditures \$109,574,601.75; available \$5,501,708.25, unallotted balance is \$86,596,120.

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TEFF Operations appropriation \$13,697,608, YTD allotment \$9,963,384, YTD expenditures \$4,975,496.81, available \$4,987,887.19, unallotted balance \$3,734,224; TEFF – 1st Generation Fund appropriation \$100K, \$0 YTD release, expended, available and \$100K unallotted balance. PLRF appropriation \$978,236, YTD allotment \$570,636 released, YTD expenditures \$489,116, \$81,520 available and \$407,600 unallotted balance; HFF-Interscholastic Sports appropriation \$612K, YTD allotment release \$404,785, YTD expended \$353,958, available \$50,827 with \$207,215 unallotted balance; HFF- Health & Physical Activities appropriation \$279,754, YTD allotment \$148,752, YTD \$139,879 expended, \$8,873 available with \$131,002 unallotted balance. Limited Gaming appropriation \$524,913, YTD allotment \$393,685, YTD \$131,228 expenditures, available \$262,457 with \$131,228 unallotted balance. Grand Total appropriation \$217,864,941, YTD allotment release \$126,557,552, YTD expenditures \$115,664,279.56, available \$10,893,272.44, unallotted balance \$91,307,389.

Parent representative asked why disbursements amounts for charter schools (the Guahan Academy numbers vary by about \$126K or less) seems off – numbers between DOA, BBMR, and GDOE reports are different. BBMR stated the reports are pulled from the AS400 system, variance is possibly due to the timing of downloading the reports, as well, as, entries of de-appropriation.

Parent representative asked how is she be able to listen back to all the EFSC meetings to see what other actions the EFSC has taken on its mandates. EFSC has other mandates including helping GDOE with their budget, other than reviewing and the accounting of financials. BBMR stated the EFSC does not prepare GDOE's budget for them; EFSC assists GDOE in its budget by monitoring as stated in the monthly Financial Status Designation reporting.

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Parent representative stated she's looked at the reports but could not find any information regarding (actions taken on) other EFSC mandates. Parent representative asked has EFSC done anything else: whether prior to GDOE's (FY2020) budget request hearings — has EFSC made any recommendations as to budget request priorities, which schools are going to get which allocations --- asked was that done with this commission. BBMR stated no the EFSC does not do that.

Parent representative stated part of EFSC job is to give to GDOE and the Superintendent an outline as to this is going to be the budget and these are the priority areas for this year. EFSC is supposed to give GDOE a 12 month plan; make recommendations on the GDOE budget presentation and — provide recommendations as to budget priorities, review and approve --- this is not it — it doesn't say what schools are getting what.

Parent representative suggested members may be missing what the purpose and responsibilities (13 duties according to the statute) of the commission are; not merely to review numbers but there are a total of 13 duties (enumerated in the GCA) and ensuring accountability to the schools who have not necessarily been getting their funding. BBMR stated the 12 month plan comes from GDOE and the details of expenditures comes from the GEB.

Parent representative asked the \$615K under textbooks where is the detail for that expenditures: which schools are getting textbooks. What has this commission has been doing over the past 10 years as far as complying with its mandated responsibilities. BBMR stated the recommendations are based on the financial status designation reports. The GEB needs to respond to the recommendation with a financial recovery plan. Parent representative stated EFSC should also be reviewing and approving contracts and expenditures in excess of \$1M prior to any issuance of any purchase orders or bids to verify fund expenditures. She sees the commission is

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really a check and balance to the GEB and to the Superintendent as the law was written and she would like to see the EFSC transition into that assigned role. Members agreed the EFSC has never done that. Parent representative agreed there a lot of mandates but it is the current law that should be abided. BBMR suggested Parent representative could make recommendations for the information requesting GDOE provide to the EFSC each month. Parent representative stated the only way out of these roles is talking to the Legislature; however, she believes that was the intent of the mandate -- to serve as a check and balance with the department and the GEB.

Members continued to generally discussed the mandates, how the EFSC has evolved and how a previous decision may have been made not to necessary receive the detailed information or the need to act on the additional mandates in the EFSC statutes.

d. Accounts Payable Aging

OFB moved onto Item 3d the Accounts Payables Aging reports: as of April 18, 2019 total AP Aging Balance of \$10,586,076.57 (\$9,950,689.97 Local, \$634,778.67 Federal); the variance \$607.93 is from the NAF Student Account, Vendor 99998; current outstanding \$4,929,151.36; 30 to 60 days \$368,812.49; 60 to 90 days \$2,544,818.85; and 90 days and over \$2,743,293.87. Batched invoices \$1,829,281.07, unbatched \$835,480.14 brings overall total AP Aging to \$13,250,837.78.

GDOE stated part of the issue is GDOE has to have certain services – custodial, solid waste, utilities -- that they simply have to make them current or else risk having to close the schools; that pushes other outstanding vendor payments back. The textbooks, we cannot purchase textbooks because vendors require pre-payments and we just don't get the cash.

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Members generally discussed the enabling legislation for the 1st Generation trust and the status of contributions from UOG and GCC; SY2018-19 will be the first eligible graduates to apply for the funds. BBMR stated under the FY2020 Executive Budget the 1st Generation is not funded based on a query as to how much funding is already in the fund.

IV. Financial Status Designation for FY19 Month Ended

- a. December 2018
- b. January 2019
- c. February 2019

OFB moved on to Item IV. FY2019 Financial Status Designation for the months of December 2018, January and February 2019. BBMR motioned to table the reports for next EFSC meeting. GDOE asked whether the \$45M shortfall in the draft February report is correct; the number just seems too high as average cost of pay period is \$6.3M and the \$45M figure represents 8 pay periods. OFB apologized and stated just prior to the meeting, GDOE suggested there are errors possibly requiring manual adjustments as well as how the formulas are calculating the projection. BBMR suggested reaching out to the previous OFB staff and ensuring the template calculations and formulas are correct. BBMR moved to table the FSD reports pending the completion of the corrections for next meeting. With no objections motion passed.

Members continued to discuss possible areas to re-check the FSD reports where the error could have occurred. OFB stated – the error could be in the conversion of the files as unlike the previous OFB office, they have to convert each of the files – as they no longer have the Monarch software. BBMR pointed out the last page showing the personnel – usually ties with the summary page – but there's a variance of about half a million.

GDOE asked what was the projected shortfall or lapse in the November FSD - \$6M – and asked OFB to recheck whether the calculations are including that first or last pay period of the fiscal year which may actually be posted in another fiscal year depending when it is actually paid out.

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V. New Business

Next item New Business. GDOE suggested OFB discuss with Appropriations Committee Chair Senator San Agustin what the OFB may want to do about concerns over the EFSC mandates as discussed earlier and raised by the Parent Representative. The Legislature gives GDOE a lump sum budget and so the question may be, what would the EFSC actually be looking at because the budget isn't broken down by school.

DOA stated because the mandates do exist it is important to look at them and assess them: the EFSC only meets once a month and if they are in fact, involved with the entire budget process that has impacts and implications. DOA asked whether the signing of contracts – would that need a signature for the EFSC. If those are truly impacts to the mandates then those issues need to be carefully reviewed and a determination made on whether changes may be necessary.

Members generally discussed the \$250 fine for members for non-attendance in meetings without a quorum.

VI. Adjournment

Next item next meeting. Members agreed OFB tentatively schedule for 3pm, Thursday May 16, 2019 for the EFSC May 2019 meeting and reserve the conference room in GDOE Building A in Tiyan. BBMR motioned to adjourn the meeting. DOA seconded the motion and without objection, meeting was adjourned at 4:07pm.

