



Mayors' Council of Guam - Non-Appropriated Funds FY 2013 Financial Highlights

August 18, 2014

The Mayor's Council of Guam (MCOG) and all Mayors' Non-Appropriated Funds (NAFs) ended fiscal year (FY) 2013 with a qualified opinion on its statement of cash deposits and disbursements as a result of their inability to verify \$19 thousand (K) of deposits and \$22K of disbursements. This is an improvement over FY 2012 where \$59K of deposits and \$38K of disbursements could not be verified. Separate management letters were issued to each Mayor and the MCOG. Of the 19 districts, Agana Heights, Barrigada, Hagatna, and Mongmong-Toto-Maite had no findings and are to be commended for this accomplishment. Chalan Pago – Ordod and Sinajana had one common finding pertaining to untimely deposits. Over the years, Agana Heights has elected to have their NAF and more recently, their Senior Center Operations Program handled by a non-profit organization.

Report on Compliance

The Report on Compliance and Internal Control for the MCOG had similar findings as in prior years regarding the absence of policies and procedures in the following areas: 1) accounting and financial reporting policies and procedures; 2) compliance with applicable procurement regulations; and 3) monitoring of non-profit organizations and Senior Centers. Fourteen villages and MCOG did not establish a formal procurement policy. Of the 14 villages, four villages lacked comparative prices for NAF disbursements. Absent exemption from law, all NAF disbursements are subject to Government Procurement Rules and Regulations. Auditors continue to recommend that a standard operating policy be put in place for Mayors to utilize when dealing with non-profit organizations in order to mitigate potential lawsuits. Fourteen villages lacked a formal process to monitor non-profit organizations utilizing their respective Mayor's facilities.

Management Letters

Management letters were issued to each of the Mayors along with the MCOG that identified deficiencies similar to FY 2012. Common deficiencies included lack of supporting documentation for deposits and disbursements, deposits that could not be verified, receipts not being issued for funds/cash received, checks being made payable to "Cash", and no formal NAF ledgers maintained. Of the 19 villages, 14 villages had cash receipts issues and 10 villages had cash disbursement issues that amounted to \$80K and \$105K, respectively. Of these villages, ten villages had common problems in both cash disbursements and cash receipts.

Cash Receipts Issues

Fourteen villages had cash receipts issues, such as 1) deposits could not be traced to bank statements; 2) deposit slips were not provided and could not be verified; 3) receipts were not issued; and 4) receipts were not timely deposited. Of the 14 villages, each village had a combination of one to five of the cash receipts findings. The auditors recommend that all cash received be deposited and that receipts be issued for all funds received, regardless of activity or amount. At a minimum, a cash receipts log or an equivalent record be maintained to track funds received. The log/record should contain information as to the date, source, nature and amount of the funds received.

Cash Disbursement Issues

Ten villages had cash disbursement issues to include: 1) invoices, billings, and other related disbursement documents were not available; 2) disbursements did not reconcile; 3) checks were made payable to “Cash”; and 4) details (i.e., payee, description) were not provided. Of the ten villages, each village had a combination of one to three cash disbursements findings. The auditors recommend that disbursements be supported by invoices, billings, and other relevant documents and that these documents be available on file. Disbursements payable to “Cash” should not be utilized to the extent possible.

NAF Ledger Not Maintained

Five villages did not maintain some formal ledger to track NAF transactions. While we acknowledge the skill sets of the employees at the Mayors’ offices vary, OPA continues to suggest that MCOG central personnel be trained in basic bookkeeping and accounting to assist the Mayors in their financial reporting requirements. The acquisition of an accounting software program such as QuickBooks or Excel may simplify these reporting requirements.

Receipts and Disbursements

The MCOG NAF collectively received \$1.1 million (M) in FY 2013, increasing by \$428K or 64% from \$668K in FY 2012. This increase was primarily due to the integration of the Senior Citizen Center Operations Program (SCOP). Funds came from a variety of activities held at the villages such as SCOP bingo and fundraising (\$319K or 29%), Liberation Day proceeds (\$202K or 19%), the flea/night markets (\$149K or 14%), and fiesta proceeds (\$104K or 9%). The MCOG, as a body, has its own NAF and serves as the pass through agency for grants to be distributed to the different villages. In FY 2013, the MCOG received \$36K in grant funds from the Guam Visitors Bureau, compared to \$64K in the prior year.

Individually, the top five villages in NAF receipts were Dededo at \$182K, Agat at \$145K, Santa Rita at \$139K, Mangilao at \$98K, and Sinajana at \$85K. There were eight villages with NAF receipts below \$30K of which five villages were less than \$10K. These five villages were Agana Heights, Asan-Maina, Hagatna, Mongmong-Toto-Maite, and Piti. Although the activities of Agana Heights is handled through a separate non-profit organization, their SCOP deposits and receipts were included.

The MCOG NAF collectively disbursed \$1M in FY 2013, an increase of \$420K or 72% from \$585K in FY 2012. MCOG’s largest disbursement was food and catering, which amounted to \$138K or 14% of total disbursements. Food and catering significantly increased by \$106K or 324% from \$33K; transportation, travel and accommodation rose by \$73K, from \$3K to \$76K; and Liberation Day expenses increased by \$53K, from \$6K to \$59K.

Senior Center Operations Program

FY 2013 marks the second year that the Council managed and operated SCOP. All income derived during senior citizens operations (8am – 4pm) is program income and therefore subject to federal regulations. Correspondingly, disbursements from program income are subject to federal procurement regulations. Bingo is the only approved gaming function allowed on mayoral properties that is exempt from the gaming tax. All other gaming after-hours are subject to the gaming tax. Twelve Senior Centers are managed by the MCOG and are located at Agana Heights, Agat, Astumbo, Dededo, Inarajan, Mangilao, Merizo, Santa Rita, Sinajana, Tamuning, Yigo, and Yona/Talofof Senior Centers.

For more details, you may view the reports in their entirety at our website at www.guamopa.org.