



I Mina'trentai Unu na Liheslaturan Guåhan
 31st GUAM LEGISLATURE
 Senator Vicente (ben) Cabrera Pangelinan

News Release

CALVO ADMINISTRATION CONTINUES TO RELEASE ERRONEOUS FINANCIAL REPORTS THAT ARE MISLEADING THE PUBLIC

FOR IMMEDIATE NEWS RELEASE (May 4, 2011– Hagåtña) – Senator Vicente (ben) Cabrera Pangelinan (D), Chairman of the Committee on Appropriations, Taxation, Public Debt, Banking, Insurance, Retirement, and Land (Committee) is concerned with the erroneous government financial reports being disseminated by the Acting Director of the Department of Administration (DOA), the Director of the Bureau of Budget Management and Research (BBMR) and the Director of the Department of Revenue and Taxation (DRT).

The latest report mandated by law and issued on April 29, 2011 by the BBMR for six months ending March 31, 2011 reported a different revenue budget which was initially submitted by the BBMR just 8 days before. The revenue budget is used to track actual revenue collections against the projected revenue collections to determine whether the government is tracking a surplus or a deficit. The official revenue budget submitted to the Guam Legislature on April 20, 2011 shows projected revenue collections of \$294,322,431 for six months ending March 31, 2011 whereas another report submitted on April 29, 2011 shows a revenue budget of \$296,976,940 for a difference in revenue budget of \$2,654,509.

"Basically, it appears that the Directors of the BBMR, DOA, and DRT adjusted the initial reporting of a \$4.4 million surplus down to a \$1.7 million surplus with no adequate explanation. The reports certified by these directors appear to be inconsistently reported and incorrect," stated the Senator from Barrigada. "It certainly concerns me when these official financial reports being disseminated and provided to the Guam Legislature and the public that have been reviewed, approved, and certified by a Certified Public Accountant, contain material errors and inconsistencies," stated Senator Pangelinan.

The official government financial reports that contain errors are detailed below:

Title of Report	Report Month	Official Submission Date	Certifying Directors	Description of Error
Monthly Comparative Revenues and Expenditures Report	January	2/18/2011	BBMR, DOA, DRT	ERROR #1: Expenditures for Bank Fees materially and erroneously amounted to \$19,257,089. Correction was finally made on the March 31, 2011 Report. ERROR #2: Hay Study Material Expenditures of approximately \$5.1M were not accounted for in the report. ERROR #3: A material accounting entry of \$4,373,914 was made that incorrectly decreased revenue figures.
Monthly Revenue Tracking Report	January	2/28/2011	BBMR, DOA, DRT	A material accounting entry of \$4,373,914 was made that incorrectly decreased revenue figures.
REVISED Monthly Revenue Tracking Report	January	3/3/2011	BBMR, DOA, DRT	A correction of \$4,373,914 was made to correctly increase revenues figures due to an incorrect material accounting entry.
Monthly Comparative Revenues and Expenditures Report	February	3/23/2011	BBMR, DOA, DRT	ERROR #1: Expenditures for Bank Fees materially and erroneously amounted to \$19,513,181. Correction was finally made on the March 31, 2011 Report. ERROR #2: Hay Study Material Expenditures of approximately \$5.1M were not accounted for in the report.
Income Tax Efficient Payment Trust Fund Report	March	4/15/2011	DOA, DRT	A deposit of \$81,912,846 into the Income Tax Refund Efficient Payment Trust Fund was materially and erroneously reported.
Monthly Comparative Revenues and Expenditures Report	March	4/20/2011	BBMR, DOA, DRT	Hay Study Material Expenditures of approximately \$5.1M were not accounted for in the report. DOA Expenditures Materially increased from \$2,561,906 on 2/28/11 to \$21,504,458.
Monthly Revenue Tracking Report	March	4/29/2011	BBMR, DOA, DRT	Estimated Revenues in this March 2011 report was different to the Estimated Revenues as reported in the March 2011 Monthly Comparative Revenues and Expenditure reports. The difference in estimated revenues for the two March 2011 reports is approximately \$2,654,509.

Monthly Comparatives and Revenues Report
As of March 31, 2011 reported on April 20, 2011

Monthly Revenue Tracking Report
As of March 31, 2011 reported on April 29, 2011

Year-To-Date			FY2011 Adopted Revenue for the Cumulative Period _n	FY2011 Actual Revenues for the Cumulative Period	Favorable (Unfavorable)
Estimated	Actual	Favorable (Unfavorable)			
\$ 32,411,802	\$ 26,401,719	\$ (6,010,083)	\$ 31,646,047	\$ 26,401,719	\$ (5,244,328)
\$ 44,398,710	\$ 49,972,710	\$ 5,574,000	42,738,044	49,972,710	7,234,667
\$ 93,055,116	\$ 90,325,373	\$ (2,729,743)	94,587,781	90,325,373	(4,262,408)
\$ 0	\$ 74,032	\$ 74,032	0	74,032	74,032
\$ 1,882,321	\$ 3,385,778	\$ 1,503,457	0	3,385,778	3,385,778
\$ 171,747,949	\$ 170,159,612	\$ (1,588,337)	168,971,872	170,159,612	1,187,740
\$ 94,871,871	\$ 101,137,017	\$ 6,265,146	99,760,893	101,137,017	1,376,123
\$ 480	\$ 106	\$ (374)	0	106	106
\$ 1,663,734	\$ 1,628,541	\$ (35,193)	1,620,958	1,628,541	7,583
\$ 96,536,085	\$ 102,765,664	\$ 6,229,579	101,381,851	102,765,664	1,383,812
\$ 818,310	\$ 688,543	\$ (129,767)	886,448	688,543	(197,905)
\$ 445,931	\$ 302,463	\$ (143,468)	953,587	302,463	(651,124)
\$ 23,114,574	\$ 23,178,684	\$ 64,110	23,114,803	23,178,684	63,881
\$ 750,358	\$ 965,490	\$ 215,132	712,054	965,490	253,436
\$ 0	\$ 0	\$ 0	0	0	0
\$ 30,582	\$ 89,601	\$ 59,019	80,741	89,601	8,860
\$ 23,895,514	\$ 24,233,775	\$ 338,261	23,907,598	24,233,775	326,177
\$ 1,958	\$ 2,150	\$ 192	1,951	2,150	199
\$ 264	\$ 25	\$ (239)	263	25	(238)
\$ 174,147	\$ 5,450	\$ (168,697)	173,625	5,450	(168,175)
\$ 104,197	\$ 69,203	\$ (34,994)	103,805	69,203	(34,602)
\$ 147,011	\$ 183,473	\$ 36,462	146,561	183,473	36,912
\$ 451,067	\$ 339,876	\$ (111,191)	449,378	339,876	(109,503)
\$ 878,644	\$ 600,177	\$ (278,467)	875,584	600,177	(275,407)
\$ 294,322,433	\$ 298,750,234	\$ 4,427,801	\$ 296,976,940	\$ 298,750,234	\$ 1,773,294

Revenue Budget submitted on October 1, 2010. ← Same revenue collections → Modified Revenue Budget

Modification in Revenue Budget report reduced \$4,427,801 million surplus reported on April 20, 2011 to \$1,773,294 million reported on April 29, 2011 a difference or reduction of \$2,654,509.

Senator Pangelinan concluded “How can the Guam Legislature, Bondholders and the people of Guam make accurate estimates and assumptions of the financial circumstances of the government of Guam when reports that are approved by the directors of the BBMR, DOA, and DRT contain material errors? Clarification needs to be sought by the Guam Legislature on behalf of the people of Guam so that we know exactly where their tax dollars are going and why income tax refunds are not being paid by the Calvo Administration.”

Supporting documents for erroneous revenue reporting:

April 20, 2011 Revenue Report

<http://bbmr.guam.gov/Comparative%20Monthly%20Revenue%20and%20Expenditure%20Report%20for%20Month%20of%20March%202011.pdf>

April 29, 2011 Revenue Report

<http://bbmr.guam.gov/Revenue%20Tracking%20Report%20Oct%20to%20Mar%202011.PDF>

Public Law 30-196, Chapter I, Section 6(b)(2)

(2) The Director of the Bureau of Budget and Management Research *shall* create a General Fund twelve (12) month revenue budget based on the revenue estimates in Chapter I, Section 2, relative to a statistical weighting of historical collections by month by collection category in the General Fund Combined Comparative Statement of Revenues report. The report *shall* be submitted to *I Maga’lahen Guåhan* and the Speaker of *I Liheslaturan Guåhan* within thirty (30) days upon enactment of this Act.

Revenue Budget Report submitted to Legislature:

http://www.guamlegislature.com/Mess_Comms_30th/Doc.%2030GL-10-2370%20From%20the%20Bureau%20of%20Budget%20and%20Management%20Research%20submitting%20the%2012%20month%20revenue%20budget%20based%20on%20revenue%20estimates%20for%20FY%202011..pdf

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