

SPECIAL ACCOUNTING SERVICE MEETING

May 6, 2010

MEETING MINUTES

AGENDA	DISCUSSION/TOPIC	ACTION/STATUS
Attendance	<p>Chris Budasi (OFB) Henry Cruz (OFB) Paul Terlaje (DRT) Miki Leon Guerrero (BSP) Elaine Ayuyu (DOA) Goody Rosario (DOA) Matthew Quinata (BBMR)</p>	
Approval of Minutes from Previous Meeting	<p>Henry Cruz moved to accept the minutes as presented, motion carried by membership.</p>	
Call to Order	<p>Meeting was called to order at 10:50 am by Chris Budasi.</p>	
Old Business	<p>Update from Paul Terlaje regarding the NAVFAC meeting with Jude Diaz who works directly under Captain Peter Nitch, Commander of NAVFAC. NAVFAC, as of October of 2009, has the sole oversight contract for all Navy and Air Force and other military elements. DRT legal counsel and the Navy are cohesively working on the language for the small and large contracts, and a copy was disseminated to the attendees. (See attached)</p>	
Making Work Pay	<p>Making work pay credit total is \$30,300,000 not including the New Employee credit. A breakdown and a copy of the different types of other credits such as: American Opportunity Credit, First Time Homebuyer Credit, Government Credit Use Credit. Income tax credit fell under the purview of the ARRA so DRT could not seek reimbursement.</p>	

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DOA Refund Report	Requested modifications mandated by PL 29-17 to be separated out by funding source to give a better picture of paying out refunds. That report was not ready at the time of the meeting. Goody previously provided all the information, but it is requested that DOA adopt the reporting through funding separation.	
NEW BUSINESS		
Recent reporting of collection revenues	A \$34.7M deficit is forecasted based on April revenue collection. Revenue is forecasted to be at \$504M. Elaine and Chris discussed the documents that were provided by DOA regarding the forecast. Matthew Quinata stated that they were not going to release any of the 3% reserves, which is approximately \$60M, and they are currently meeting to get the department to look at accounts to cover shortfalls and reduce expenditures. It is a challenge to cover the personnel cost for some departments that already are showing a shortfall.	
Government spending recovery plan	<p>Elaine stressed the critical part is giving a portion of the load to UOG, GCC, and the Unified Judiciary due to their predicted shortfall in allotments. GDOE is getting the most of the allotment due to the fact that when the money appears they request for it (immediately) and are given the money. Paul inquired where ARRA funds (\$2.7M) are going, and Elaine explained that the funds were being used to help pay the line agencies according to their allotment schedules, etc.</p> <p>Chris inquired about policy level discussion and what the group can do to help alleviate the problems with this year's budget.</p>	

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	<p>The BBMR Director is currently communicating with the Dept. of Interior to see if the overpayments can be received in FY10 rather than being applied to the amount to the US Treasury from previous overpayments. There are several years of Section 30 funds owed as a result of unreported “Thrift Savings Plan” withholdings.</p> <p>Outstanding Section 30 reconciliations: 2008, 2009</p> <p>The group discussed the possibility of stating a firm \$13.3M based on adopted revenues should the amount slide with the actual collections with respect to the appropriations cap of 98% for the General Fund revenue.</p> <p>Current withholding is down even though it was discussed that current employment is up. No feedback provided.</p> <p>Corporate income tax down from budget. One explanation could be the Net Operating Loss Carry forward; that program was extended due to ARRA, but it can’t be verified until aggregate data is received.</p> <p>GRT tracking low but tourism has increased. No feedback as to why.</p> <p>Miki Leon Guerrero discussed cigarette tax increase and how much of that takes away from the economy in other areas of consumption (entertainment and food). The rise in price has taken income from other locations to save for cigarette smoking. Some smokers choose to sacrifice one commodity for the purchase of tobacco</p>	<p>BBMR to determine when decision from DOI is expected.</p> <p>DRT to inquire about completion date for outstanding reconciliations.</p> <p>DOA to discuss with BBMR.</p> <p>BBMR and DOA to consider</p>

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<p>Tax credit of \$5000 per new employee hire</p> <p>Income Tax collection trend and GRT</p> <p>Federal Health care legislation</p> <p>10 year history Bank fee expenditures</p>	<p>products instead. There was a suggestion to closely analyze the long term effects of higher prices?</p> <p>ARRA Make Work Pay will be reimbursed through December.</p> <p>How many employers are claiming the \$5000 credit per employee? Are employers that hire H2 workers eligible to claim this credit?</p> <p>Paul Terlaje states the only other credit that is being reimbursed is the EIC. On average, the payout is around \$45M a year with the average refund at \$8K.</p> <p>What is the impact of the Health Care legislation at DRT? If employers or individuals do not obtain insurance then a tax will be assessed.</p> <p>OFB plans to strengthen revenue forecasting model by getting a better handle on individual income tax by looking at historical aggregate data for projecting individual tax. Chris presented a letter for DRT Director, Art Illagan, regarding the matter.</p> <p>\$2-3M current year bank fee expenditures not appropriated into the budget and affect the cash fall. All bank fees are included which causes difficulty since it is not in the budget, therefore pulling cash from the General Fund.</p> <p>Gross Domestic Product report released by the Bureau of Economic Analysis. Data is a starting point but will be refined at later dates.</p>	<p>DRT to compile info for OFB.</p> <p>DOA to compile information for next meeting.</p>

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Adjourn	<p>In his absence, Albert Perez, requested to add an item to the agenda and provided documentation to be discussed:</p> <p>In his message to the group, Albert advised that there is a record of about 2,000 H2 workers who've arrived on Guam for work but there may not be an existing legal mandate(s) for H2 workers to have medical insurance. He suggested that this information be solicited from DOL for employers to provide medical care. If the workers are already paying their employers for boarding and meals, there may not be any additional public revenue for these services to be provided outside the workplace. How is this revenue to employers accounted for by DRT?</p> <p>11:50am</p>	<p>DRT to research how companies that provide boarding and meals are reporting "revenue" withheld from workers' paychecks.</p>