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February 1, 2010

The Board of Directors
Guam Economic Development Authority:

Dear Members of the Board of Directors:

We have performed an audit of the financial statements of the Guam Economic Development Authority (the Authority) as of and for the year ended September 30, 2009, in accordance with auditing standards generally accepted in the United States of America and have issued our report thereon dated February 1, 2010.

We have prepared the following comments to assist you in fulfilling your obligation to oversee the financial reporting and disclosure process for which management of the Authority is responsible.

OUR RESPONSIBILITY UNDER GENERALLY ACCEPTED AUDITING STANDARDS AND GENERALLY ACCEPTED GOVERNMENT AUDITING STANDARDS

Our responsibility under auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, has been described in our engagement letter dated December 16, 2009. As described in that letter, the objective of a financial statement audit conducted in accordance with the aforementioned standards is:

- To express an opinion on the fairness of the Authority's basic financial statements and to disclaim an opinion on the required supplementary information for the year ended September 30, 2009 in conformity with accounting principles generally accepted in the United States of America ("generally accepted accounting principles"), in all material respects;

- To express an opinion on whether the supplementary information that accompanies the basic financial statements is presented fairly, in all material respects, in relation to the basic financial statements taken as a whole; and

- To report on the Authority's internal control over financial reporting and on its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters for the year ended September 30, 2009 based on an audit of financial statements performed in accordance with the standards applicable to financial audits contained in *Government Auditing Standards*.

Our responsibilities under generally accepted auditing standards include forming and expressing an opinion about whether the financial statements that have been prepared by management with the oversight of the Board of Directors are presented fairly, in all material respects, in conformity with generally accepted accounting principles. The audit of the financial statements does not relieve management or the Board of Directors of their responsibilities.

We considered the Authority's internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over financial reporting. Our consideration of internal control over financial reporting would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses.

ACCOUNTING ESTIMATES

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and on assumptions about future events. Significant accounting estimates reflected in the Authority's 2009 financial statements include management's estimate of the allowance for uncollectible accounts, which is determined based on management's evaluation of the collectability of current accounts and historical trends, and management's estimate of depreciation expense, which is based on estimated useful lives of the respective capital assets. During the year ended September 30, 2009, we are not aware of any significant changes in accounting estimates or in management's judgments relating to such estimates.

AUDIT ADJUSTMENTS AND UNCORRECTED MISSTATEMENTS

As the result of our audit work, we identified matters that resulted in audit adjustments that we believe, either individually or in the aggregate, would have a significant effect on the Authority's financial reporting process. Such proposed adjustments, listed in Appendix II, have been recorded in the accounting records and are reflected in the 2009 financial statements.

In addition, we have attached to this letter, as Appendix III, a summary of uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented that were determined by management to be immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

SIGNIFICANT ACCOUNTING POLICIES

The Authority's significant accounting policies are set forth in Note 1 to the Authority's 2009 financial statements. During the year ended September 30, 2009, there were no significant changes in previously adopted accounting policies or their application, except for the following pronouncements adopted by the Authority:

- GASB Statement No. 52, Land and Other Real Estate Held as Investments by Endowments, which improves the quality of financial reporting by requiring endowments to report their land and other real estate investments at fair value, creating consistency in reporting among similar entities that exist to invest resources for the purpose of generating income.

- GASB Statement No. 55, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments, which improves financial reporting by contributing to the GASB's efforts to codify all GAAP for state and local governments so that they derive from a single source.

- GASB Statement No. 56, Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards, which incorporates accounting and financial reporting guidance previously only contained in the American Institute of Certified Public Accountants (AICPA) auditing literature into the GASB's accounting and financial reporting literature for state and local governments, and addresses three issues from the AICPA's literature - related party transactions, going concern considerations, and subsequent events.

The implementation of these pronouncements did not have a material effect on the financial statements of the Authority.

Management does not believe that the implementation of these statements will have a material effect on the financial statements of the Authority.

For the year ended September 30, 2010, the following pronouncements will be adopted by the Authority:

- In June 2007, GASB issued Statement No. 51, Accounting and Financial Reporting for Intangible Assets, which addresses whether and when intangible assets should be considered capital assets for financial reporting purposes. The provisions of this statement are effective for periods beginning after June 15, 2009.

- In June 2008, GASB issued Statement No. 53, Accounting and Financial Reporting for Derivative Instruments, which is intended to improve how state and local governments report information about derivative instruments - financial arrangements used by governments to manage specific risks or make investments - in their financial statements. The provisions of this statement are effective for periods beginning after June 15, 2009.

Management does not believe that the implementation of these statements will have a material effect on the financial statements of the Authority.

OTHER INFORMATION IN THE ANNUAL REPORTS OF THE AUTHORITY

When audited financial statements are included in documents containing other information, such as Annual Reports, we will read such other information and consider whether it, or the manner of its presentation, is materially inconsistent with the information, or the manner of its presentation, in the financial statements audited by us. In the event that the Authority issues an Annual Report or other documentation that includes the audited financial statements, we will be required to read the other information in the Authority's 2009 Annual Report and will inquire as to the methods of measurement and presentation of such information. If we note a material inconsistency or if we obtain any knowledge of a material misstatement of fact in the other information, we will discuss this matter with management and, if appropriate, with the Board of Directors.

DISAGREEMENTS WITH MANAGEMENT

We have not had any disagreements with management related to matters that are material to the Authority's 2009 financial statements.

CONSULTATION WITH OTHER ACCOUNTANTS

We are not aware of any consultations that management may have had with other accountants about auditing and accounting matters during 2009.

MANAGEMENT'S REPRESENTATIONS

We have made specific inquiries of the Authority's management about the representations embodied in the financial statements. Additionally, we have requested that management provide to us the written representations the Authority is required to provide to its independent auditors under generally accepted auditing standards. We have attached to this letter, as Appendix IV, a copy of the representation letter we obtained from management.

MAJOR ISSUES DISCUSSED WITH MANAGEMENT PRIOR TO OUR INITIAL ENGAGEMENT OR RETENTION

Throughout the year, routine discussions regarding the application of accounting principles or auditing standards were held with management in connection with transactions that have occurred, transactions that are contemplated, or reassessment of current circumstances. In our judgment, such discussions were not held in connection with our retention as auditors.

SIGNIFICANT DIFFICULTIES ENCOUNTERED IN PERFORMING THE AUDIT

In our judgment, we received the full cooperation of the Authority's management and staff and had unrestricted access to the Authority's senior management in the performance of our audit.

OTHER MATTERS

Subsequent to the issuance of the Authority's 2008 financial statements, the Government of Guam's Department of Administration issued a determination concerning the redesignation of the Defined Benefit (DB) Plan as a cost-sharing multiple-employer plan. Prior to this determination, the DB Plan was designated as a single-employer plan, requiring the Authority to measure and disclose an amount for annual pension cost. Annual pension cost amounted to the Authority's annual required contributions (ARC) to the plan with the difference between the ARC and actual required contributions recognized as a net pension obligation.

The redesignation of the DB Plan as a cost-sharing multiple-employer plan resulted in the reversal of the previously reported unfunded pension liability, totaling $461,665, and related pension costs of $54,259 as well as related disclosure in the 2008 financial statements.

CONTROL-RELATED MATTERS

We have issued a separate report to you, dated February 1, 2010, on the Authority's internal control over financial reporting and on its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters, which was based upon the audit performed in accordance with *Government Auditing Standards*. Additionally, we have identified, and included in Appendix I another matter as of September 30, 2009 that we wish to bring to your attention.

Although we have included management's written response to our comment in the attached Appendix, such response has not been subjected to the auditing procedures applied in our audit and, accordingly, we do not express an opinion or provide any form of assurance on the appropriateness of the responses or the effectiveness of any corrective action described therein.

This report is intended solely for the information and use of the Board of Directors, management, the Office of the Public Accountability - Guam and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

We wish to thank the staff and management of the Authority for their cooperation and assistance during the course of this engagement.

Very truly yours,

Deloitte & Touche LLP

APPENDIX I

Our observations concerning other matters related to operations that we wish to bring to your attention are as follows:

1. **Travel Policy**

   Comment: During the year ended September 30, 2009, the Authority purchased the majority of its airfares based on economy class, unrestricted fares. The Authority's Travel Policy states that the prime consideration for selection of travel related services should be "lowest cost to the Authority and reliability of the vendor." However, section VI-3 of the Policy also states that "all travelers shall resort to the economy rate unless prior approval has been issued by the approving authority." The "economy rate" is not clearly defined as there are varying levels of economy fares that sometimes present significant cost variations.

   Recommendation: The Authority should consider amending the existing policy.

   GEDA Response: Management believes that the Authority has always resorted to the lowest cost, however, due to such circumstances as space is unavailable or traveler being on standby on a segment under the restricted economy fare, our only option was to purchase an unrestricted economy fare. Management will seek Board amendment to include consideration of such circumstances in the selection of travel related services to its travel policy.

Number	Type	Description	Assets	Liabilities	Fund Equity	Net Income
		GEDA				
1	CAJE	To adjust depr. and accumulated depr.	-	-	-	-
2	CAJE	To unwind unfunded retirement liability account	-	461,665.00	(461,665.00)	-
3	AJE	To expense general training cost	(17,230.50)	-	-	17,230.50
4	AJE	To properly post GPA MOU receipts	(170,000.00)	-	-	170,000.00
5	AJE	To adjust balance to OEA grant to receivable other	-	-	-	-
6	AJE	To clear out beginning balance of investment inc	5,811.74	-	-	(5,811.74)
7	AJE	To adjust reimbursable expense (closed projects)	19,724.00	-	-	(19,724.00)
8	AJE	To write off -m- payable from BRAC	22.00	-	-	(22.00)
1	RJE	To present SurgiCenter abatement as QC revenue	-	-	-	-
2	RJE	To reclassify travel recorded in promotional exp	-	-	-	-
			(161,672.76)	461,665.00	(461,665.00)	161,672.76
		TSA				
1	AJE	To record FY09 activities	(141,597.11)	1,320,000.00	-	(1,178,402.89)
2	AJE	To amortize 2001 bond defease cost	-	(310,842.00)	-	310,842.00
3	AJE	To amortize 2007 bond dis.	-	(119,611.00)	-	119,611.00
4	AJE	To amortize 2007 issue cost	(55,059.00)	-	-	55,059.00
5	AJE	To amortize CAB discount	-	(264,969.00)	-	264,969.00
6	AJE	To adjust accrued interest	-	23,000.00	-	(23,000.00)
7	AJE	To accrue Aug/Sep 09 attorney fees	-	(17,783.00)	-	17,783.00
8	AJE	To accrue travel expenses	-	(7,037.51)	-	7,037.51
9	AJE	To accrue additional Sept 09 travel expenses	-	(9,097.00)	-	9,097.00
1	RJE	To reclassify current portion of A term bond	-	-	-	-
			(196,656.11)	613,660.49	0.00	(417,004.38)
		GDFA				
1	AJE	To adjust allowance for loan losses	(58,676.00)	-	-	58,676.00
2	AJE	To adjust investment income	22,548.38	-	-	(22,548.38)
		Total Posted	(36,127.62)	0.00	0.00	36,127.62
		ADF				
1	AJE	To adjust allowance	4,060.00	-	-	(4,060.00)
2	AJE	To adjust interest income	1,451.57	-	-	(1,451.57)
		Total Posted	5,511.57	0.00	0.00	(5,511.57)
		GTAF				
1	AJE	To adjust investment income	43.36	-	-	(43.36)
		Total Posted	43.36	0.00	0.00	(43.36)

#	Name	Debit	Credit
	GEDA		
	1 CAJE To adjust depr. and accumulated depr.		
1735	Furniture & Fixtures - FEMA	1,131.44	-
1736	ACCUM DEPREC-FURN & FIX / FEMA	-	1,131.44
		1,131.44	1,131.44
	2 CAJE To unwind unfunded retirement liability account		
2190	UNFUNDED RETIRE. CONTRIBUTION	461,665.00	-
4500	FUND BALANCE	-	407,406.00
Audit	2008 restatement	-	54,259.00
		461,665.00	461,665.00
	3 AJE To expense general training cost		
7704	Training & Develoment	-	4,606.50
7704	Training & Develoment	2,515.50	-
7801	Travel - Off Island	4,606.50	-
7801	Travel - Off Island	14,715.00	-
1455	Reimbursable Expense	-	17,230.50
		21,837.00	21,837.00
	4 AJE To properly post GPA MOU receipts		
1401	DUE TO FROM GOVGUAM AGENCIES	-	170,000.00
5300	OTHER REVENUE	170,000.00	-
1457	Deferred Charge	-	170,000.00
1457	Deferred Charge	170,000.00	-
		340,000.00	340,000.00
	5 AJE To adjust balance to OEA grant to receivable other		
1401	DUE TO FROM GOVGUAM AGENCIES	11,748.00	-
1402	Receivable - Grants	-	11,748.00
		11,748.00	11,748.00
	6 AJE To clear out beginning balance of investment inc		
5140	Interest - Investments	-	5,811.74
1105	Allowance for Investment	5,811.74	-
		5,811.74	5,811.74
	7 AJE To adjust reimbursable expense (closed projects)		
5300	OTHER REVENUE	-	19,724.00
1455	Reimbursable Expense	19,724.00	-
		19,724.00	19,724.00
	8 AJE To write off -m- payable from BRAC		
8100	NON-OPERATION REVENUES/EXPENSE	-	22.00
1580	DUE TO/FROM BRAC - 1ST GRANT	22.00	-
		22.00	22.00
	1 RJE To present SurgiCenter abatement as QC revenue		
5120	Application & Surveillance Fee	-	16,488.00
8100	NON-OPERATION REVENUES/EXPENSE	16,488.00	-
		16,488.00	16,488.00

#	Name	Debit	Credit
	2 RJE To reclassify travel recorded in promotional exp		
7709	Advertising & Promotions	-	52,693.00
7801	Travel - Off Island	52,693.00	-
		52,693.00	52,693.00
	TSA		
	1 AJE To record FY09 activities		
5100	Cash and Cash Equivalent	2,666,288.89	-
8100	Tobacco Settlement Revenue - Receipts	-	2,962,972.68
8110	Interest Income	-	62,550.12
8310	Trustee fees	11,381.21	-
8300	Interest Expense - Semi-Annual Payment	1,764,150.00	-
5200	Investment in Federal Agency Securities	-	2,807,886.00
7240	Other professional services	15,515.70	-
6310A	Series 2007 A Bond Payable	1,320,000.00	-
7202	Legal Services	11,619.40	-
7205	Audit Services	4,320.00	-
7801	Travel - Off Island	40,133.60	-
		5,833,408.80	5,833,408.80
	2 AJE To amortize 2001 bond defease cost		
6322	Bond defeasance cost	-	310,842.00
8305	Interest Expense - Bond Defeasance Cost Amortization	310,842.00	-
		310,842.00	310,842.00
	3 AJE To amortize 2007 bond dis.		
6320	Discount on Bond Issuance	-	119,611.00
8303	Interest Expense - Issuance Discount Amortization	119,611.00	-
		119,611.00	119,611.00
	4 AJE To amortize 2007 issue cost		
5500	Deferred Bond Issuance Costs	-	55,059.00
8302	Interest Expense - Debt Issuance Costs	55,059.00	-
		55,059.00	55,059.00
	5 AJE To amortize CAB discount		
6321	Discount on Bond Issuance - Capital Appreciation Bond	-	264,969.00
8306	Interest Expense - Series B CAB Accretion	264,969.00	-
		264,969.00	264,969.00
	6 AJE To adjust accrued interest		
6120	Interest Payable	23,000.00	-
8301	Interest Expense - Accrual Adjustment	-	23,000.00
		23,000.00	23,000.00
	7 AJE To accrue Aug/Sep 09 attorney fees		
7202	Legal Services	17,783.00	-
6110	Accounts Payable	-	17,783.00
		17,783.00	17,783.00
	8 AJE To accrue travel expenses		
7801	Travel - Off Island	7,037.51	-
6110	Accounts Payable	-	7,037.51
		7,037.51	7,037.51

#	Name	Debit	Credit
	9 AJE To accrue additional Sept 09 travel expenses		
7801	Travel - Off Island	9,097.00	-
6110	Accounts Payable	-	9,097.00
		9,097.00	9,097.00
	1 RJE To reclassify current portion of A term bond		
6110A	Current Portion of Series 2007 A	-	105,000.00
6310A	Series 2007 A Bond Payable	105,000.00	-
		105,000.00	105,000.00
	GDFA		
	1 AJE To adjust allowance for loan losses		
1330	ALLOW FOR DOUBTFUL ACCOUNTS	-	124,530.00
1340	INTEREST SUSPENSE ON D/L	65,854.00	-
8007	PROVISION FOR BAD DEBTS	58,676.00	-
		124,530.00	124,530.00
	To adjust the allowance for loan losses at 9/30/09.		
	2 AJE To adjust investment income		
5140	Interest - Investments	-	22,548.38
1105	Allowance for Investment	22,548.38	-
		22,548.38	22,548.38
	ADF		
	1 AJE To adjust allowance		
1330	ALLOW FOR DOUBTFUL ACCOUNTS	1,615.00	-
1340	INTEREST SUSPENSE ON D/L	2,445.00	-
8007	PROVISION FOR BAD DEBTS	-	4,060.00
		4,060.00	4,060.00
	2 AJE To adjust interest income		
5140	Interest - Investments	-	1,451.57
1105	Allowance for Investment	1,451.57	-
		1,451.57	1,451.57
	GTAF		
	1 AJE To adjust investment income		
5140	Interest - Investments	-	43.36
1105	Allowance for Investment	43.36	-
		43.36	43.36

APPENDIX III

	BALANCE SHEET			
	ASSETS	**LIABILITIES**	**INCOME STATEMENT**	***TOTAL SHOULD***
	Dr (Cr)	**Dr (Cr)**	**Dr (Cr)**	***EQUAL 0***
KNOWN MISSTATEMENTS				
				0
GEDA				0
				0
<1> - to adjust DC S/L liability		(5,651)	5,651	0
<2>- to adjust deferred rent liabilities (Guam Dry Cleaners)	(8,386)	8,386		0
<3> - to adjust unreconciled deferred rent liability		(4,340)	4,340	0
<4> - to accrue S&W expense for 9/28 - 9/30		(13,247)	13,247	0
<5> - to reclassify FY08 supplemental benefit recorded as			6,357	6,357
nonoperating expense to operating expense (S&W			(6,357)	(6,357)
<6> - to reverse deferred liability relating to old bonds		5,752	(5,752)	
(highway)				0
<7> - to record reimbursement due to Tobacco-attorney		2,241		2,241
general travel unexpended funds		(2,241)		(2,241)
<8> - to reclassify Carol AL adjustment recorded in other			3,205	3,205
revenue (should be reduction of S&W expense			(3,205)	(3,205)
				0
TSA				0
				0
<1> to record reimbursement due to Tobacco-attorney				
general travel unexpended funds		2,241	(2,241)	0
				0
Total known misstatements	(8,386)	(6,859)	15,245	0
LIKELY MISSTATEMENTS				0
				0
				0
Total likely misstatements	0	0	0	0
TOTAL KNOWN + LIKELY	(8,386)	(6,859)	15,245	0

GEDA
GUAM ECONOMIC DEVELOPMENT AUTHORITY
America in Asia

I MAGA' LAHEN GUAHAN
GOVERNOR OF GUAM
FELIX P. CAMACHO

I SEGUNDO NA MAGA' LAHEN GUAHAN
LT. GOVERNOR OF GUAM
MICHAEL W. CRUZ M.D.

ADMINASTRADOT
ADMINISTRATOR
ANTHONY C. BLAZ

Aturidåd Inadilånton Ikunumihan Guahan

February 1, 2010

Deloitte & Touche LLP
361 South Marine Drive
Tamuning, Guam 96913

We are providing this letter in connection with your audits of the consolidated statements of net assets (deficiency) of the Guam Economic Development Authority (the Authority) and its subsidiary (a component unit of the Government of Guam), which also include the accounts of the Tobacco Settlement Authority (TSA), and of the statements of fiduciary net assets of the Guam Development Fund Act, Agricultural Development Fund, the Microenterprise Development Program, the Guam Territorial Aquarium Foundation, the Music and Legends of Guam Fund and the U.S. Base Realignment and Closure Committee (the Funds), as of September 30, 2009 and 2008, and the related consolidated statements of operations and net assets (deficit) and cash flows, and the related Fund statements of revenues, expenditures and changes in fund balances (deficits), for the years then ended, for the purpose of expressing an opinion as to whether the consolidated financial statements and the Fund financial statements present fairly, in all material respects, the financial positions, and results of operations and/or changes in net assets and fund balances and/or cash flows of the Authority and of the Funds in conformity with accounting principles generally accepted in the United States of America. We confirm that we are responsible for the following:

a. The fair presentation in the consolidated financial statements and in the various Fund financial statements of the financial positions, results of operations and changes in the net assets and fund balances of the various funds and cash flows in conformity with accounting principles generally accepted in the United States of America.

b. The fair presentation of the required supplementary information, including Management's Discussion and Analysis, accompanying the basic consolidated financial statements and the various Fund financial statements that are presented for the purpose of additional analysis for the basic consolidated financial statements and the various Funds financial statements.

c. Compliance with local and federal laws, rules and regulations, including compliance with the requirements of OMB Circular A-133, and provisions of grants and contracts relating to the Authority's operations. We are responsible for establishing and maintaining the components of internal control relating to our activities in order to achieve the objectives of: providing reliable financial reports, effective and efficient operations, and compliance with laws and regulations.

d. Establishing and maintaining effective internal control over financial reporting.

e. The design and implementation of programs and controls to prevent and detect fraud.

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"THIS INSTITUTION IS AN EQUAL OPPORTUNITY PROVIDER AND EMPLOYER".

f. The review and approval of the consolidated financial statements, accompanying schedules and related notes and acknowledge your role in the preparation of this information. Specifically, we acknowledge that your role in the preparation of the consolidated financial statements was a matter of convenience rather than one of necessity. We have reviewed the financial statement preparation assistance provided by you and acknowledge that the financial statements are prepared in accordance with the accounting policies generally accepted in the United States of America. Our review was based on the use of the Stand-alone Business-Type Activities Checklist by the Government Finance Officers Association. Additionally, we agreed with the adjusting and reclassification entries included in Appendix A.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm, to the best of our knowledge and belief, the following representations made to you during your audits.

1. The consolidated and the Fund financial statements referred to above are fairly presented in conformity with accounting principles generally accepted in the United States of America. In addition:

   a. The financial statements properly classify all funds and activities.

   b. All funds that meet the quantitative criteria in Statement No. 34 of the Governmental Accounting Standards Board, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.

   c. Net asset components (invested in capital assets, net of related debt; restricted; and unrestricted) and fund balance reserves and designations are properly classified and, if applicable, approved.

   d. Capital assets, including infrastructure assets, are properly capitalized, reported, and, if applicable, depreciated.

   e. Required supplementary information is measured and presented within prescribed guidelines.

2. The Authority has made available to you all:

   a. Financial records and related data for all financial transactions of the Authority and for all Funds administered by the Corporation.

   b. Minutes of meetings of directors or summaries of actions of recent meetings for which minutes have not yet been prepared.

   c. Information related to federal claims for advances and reimbursements. Federal claims for advances and reimbursements are supported by the books and records from which the financial statements have been prepared.

3. There has been no:

a. Action taken by the Authority's management that contravenes the provisions of federal laws and Guam laws and regulations, or of contracts and grants applicable to the Authority and for all funds administered by the Authority.

b. Communication from other regulatory agencies concerning noncompliance with or deficiencies in financial reporting practices or other matters that could have a material effect on the financial statements.

4. We believe the effects of any uncorrected financial statement misstatements aggregated by you during the current audit engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. A summary of such uncorrected misstatements has been attached as Appendix B.

5. We have no knowledge of any fraud or suspected fraud affecting the Authority involving (a) management, (b) employees who have significant roles in internal control over financial reporting, or (c) others if the fraud could have a material effect on the financial statements.

6. We have no knowledge of any allegations of fraud or suspected fraud affecting the Authority received in communications from employees, former employees, analysts, regulators, or others.

7. There are no unasserted claims or assessments, other than those referred to in Note 9 to the consolidated financial statements and Note 5 to the various Fund financial statements that legal counsel has advised us are probable of assertion and must be disclosed in accordance with Financial Accounting Standards Board ("FASB") Statement No. 5, *Accounting for Contingencies.*.

9. We are responsible for compliance with local, state and federal laws, rules and regulations, including compliance with the requirements of OMB Circular A-133, and provisions of grants and contracts relating to the Authority's operations. We are responsible for establishing and maintaining the components of internal control relating to our activities in order to achieve the objectives of providing reliable financial reports, effective and efficient operations, and compliance with laws and regulations. The Authority is responsible for maintaining accounting and administrative control over revenues, obligations, expenditures, assets, and liabilities.

10. We have:

a. Identified the requirements of laws, regulations, and the provisions of contracts and grant agreements that are considered to have a direct and material effect on each federal program. The types of requirements identified include: activities allowed or disallowed; allowable costs/cost principles; cash management; equipment and real property management; matching, level of effort, or earmarking; procurement; reporting; and special tests and provisions.

b. Complied, in all material respects, with the requirements identified above in connection with federal awards.

11. Management has identified and disclosed to you all laws and regulations that have a direct and material effect on the determination of financial statement amounts.

12. The Authority has not performed a formal risk assessment, including the assessment of the risk that the financial statements may be materially misstated as a result of fraud. However, management has made available to you their understanding about the risks of fraud in the Authority and do not believe that the financial statements are materially misstated as a result of fraud.

Except where otherwise stated below, matters less than $16,000 collectively are not considered to be exceptions that require disclosure for the purpose of the following representations. This amount is not necessarily indicative of amounts that would require adjustment to or disclosure in the financial statements.

13. Except as listed in Appendix B, there are no transactions that have not been properly recorded in the accounting records underlying the financial statements.

14. The Authority has no plans or intentions that may affect the carrying value or classification of assets and liabilities.

15. The following, to the extent applicable, have been appropriately identified, properly recorded, and disclosed in the financial statements:

    a. Related-party transactions and associated amounts receivable or payable, including sales, purchases, loans, transfers, leasing arrangements, and guarantees (written or oral).

    b. Guarantees, whether written or oral, under which the Authority is contingently liable.

    c. Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances and line-of-credit or similar arrangements.

    d. All impaired loans receivable.

    e. Loans that have been restructured to provide a reduction or deferral of interest or principal payments because of borrower financial difficulties.

16. In preparing the financial statements in conformity with accounting principles generally accepted in the United States of America, management uses estimates. All estimates have been disclosed in the financial statements for which known information available prior to the issuance of the financial statements indicates that both of the following criteria are met:

    a. It is at least reasonably possible that the estimate of the effect on the financial statements of a condition, situation, or set of circumstances that existed at the date of the financial statements will change in the near term due to one or more future confirming events.

    b. The effect of the change would be material to the financial statements.

17. Risks associated with concentrations, based on information known to management, that meet all of the following criteria have been disclosed in the financial statements:

    a. The concentration exists at the date of the financial statements.

    b. The concentration makes the enterprise vulnerable to the risk of a near-term severe impact.

    c. It is at least reasonably possible that the events that could cause the severe impact will occur in the near term.

18. There are no:

    a. Violations or possible violations of laws or regulations whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.

b. Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by FASB Statement No. 5, *Accounting for Contingencies*, except as disclosed and/or recorded in the financial statements.

20. The Authority has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral, except as disclosed in the financial statements.

21. The Authority has complied with all aspects of contractual agreements that would have an effect on the financial statements in the event of noncompliance, including all requirements associated with the 2007 Series bonds.

22. No events have occurred subsequent to September 30, 2009 to the dates of our signatures below that require consideration as adjustments to or disclosures in the financial statements.

23. There are no control deficiencies in the design or operation of internal control over financial reporting that could adversely affect the Authority's ability to initiate, record, process, and report financial information.

24. We have disclosed to you any change in the Authority's internal control over financial reporting that occurred during the Authority's most recent fiscal year that has materially affected, or is reasonably likely to materially affect, the Authority's internal control over financial reporting.

25. No Authority or agency of the Federal Government or Government of Guam has reported a material instance of noncompliance to us.

26. With regard to the fair value measurements and disclosures of certain assets, we believe that:

    a. The measurement methods, including the related assumptions, used in determining fair value were appropriate and were consistently applied.

    b. The completeness and adequacy of the disclosures related to fair values are in conformity with accounting principles generally accepted in the United States of America.

    c. No events have occurred subsequent to September 30, 2009 that require adjustment to the fair value measurements and disclosures included in the financial statements.

27 During fiscal year 2009, GEDA implemented the following pronouncements:

- GASB Statement No. 52, *Land and Other Real Estate Held as Investments by Endowments*, which improves the quality of financial reporting by requiring endowments to report their land and other real estate investments at fair value, creating consistency in reporting among similar entities that exist to invest resources for the purpose of generating income.

- GASB Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, which improves financial reporting by contributing to the GASB's efforts to codify all GAAP for state and local governments so that they derive from a single source.

- GASB Statement No. 56, *Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards*, which incorporates accounting and financial reporting guidance previously only contained in the American Institute of Certified Public Accountants (AICPA) auditing literature into the GASB's accounting and financial reporting literature for state and local governments, and addresses three issues from the AICPA's literature - related party transactions, going concern considerations, and subsequent events.

The implementation of these pronouncements did not have a material effect on the Authority's financial statements.

In June 2007, GASB issued Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, which addresses whether and when intangible assets should be considered capital assets for financial reporting purposes. The provisions of this statement are effective for periods beginning after June 15, 2009. Management does not believe that the implementation of this statement will have a material effect on the financial statements of the Authority.

In June 2008, GASB issued Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, which is intended to improve how state and local governments report information about derivative instruments - financial arrangements used by governments to manage specific risks or make investments - in their financial statements. The provisions of this statement are effective for periods beginning after June 15, 2009. Management does not believe that the implementation of this statement will have a material effect on the financial statements of the Authority.

In December 2008, GASB issued Technical Bulletin No. 2008-1, *Determining the Annual Required Contribution Adjustment for Postemployment Benefits*, which clarifies the requirements of GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers,* and Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions,* for calculating the annual required contribution (ARC) adjustment. The provisions of this statement are effective for periods beginning after December 15, 2008. Management does not believe that the implementation of this statement will have a material effect on the financial statements of the Authority.

In March 2009, GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. The provisions of this statement are effective for periods beginning after June 15, 2010. Management does not believe that the implementation of this statement will have a material effect on the financial statements of the Authority.

28. Receivables recorded in the financial statements represent valid claims against debtors for sales or other charges arising on or before the balance-sheet date and have been appropriately reduced to their estimated net realizable value.

29. The Authority is responsible for determining and maintaining the adequacy of the allowance for doubtful notes, loans, interfund receivables, and accounts receivable, as well as estimates used to determine such amounts. Management believes the allowances are adequate to absorb currently estimated bad debts in the account balances.

30. Provision has been made to reduce excess or obsolete inventories to their estimated net realizable value. All inventories are the property of the Authority and do not include any items consigned to it, any items billed to customers, or any items for which the liability has not been recorded. All inventories are not held for resale, but are given away as promotional items.

31. We believe that all expenditures that have been deferred to future periods are recoverable.

Deloitte & Touche LLP
February 1, 2010

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32. We have no intention of terminating our participation in the Government of Guam Retirement plans or taking any other action that could result in an effective termination or reportable event for any of the plans. We are not aware of any occurrences that could result in the termination of any of our pension plans to which we contribute. We believe that the actuarial assumptions and methods used to measure pension liabilities and costs for financial accounting purposes are appropriate in the circumstances.

33. We represent to you that, subsequent to September 30, 2009, there were no changes in internal control or other factors that might significantly affect internal control, including any corrective action taken by management with regard to reportable conditions (including material weaknesses).

34. The Authority has obligated, expended, received, and used public funds of the Authority in accordance with the purpose for which such funds have been appropriated or otherwise authorized by Guam or federal law. Such obligation, expenditure, receipt, or use of public funds was in accordance with any limitations, conditions, or mandatory directions imposed by Guam or federal law.

35. Money or similar assets handled by the Authority on behalf of the Government of Guam or Federal Government have been properly and legally administered and the accounting and recordkeeping related thereto is proper, accurate, and in accordance with law.

36. No evidence of fraud or dishonesty in fiscal operations of programs administered by the Authority has been discovered.

37. During the year ended September 30, 2009, Banc of America Securities, LLC (BAS), received financial advisory fees of $505,000 and expense of $92,319 from the Costs of Issuance accounts of the Government of Guam General Obligation Bond and Limited Obligation Bond and applied to the receipts to the balance owed to them under the Financial Advisory Agreement. As of September 30, 2009, no balance is owing and due under the Financial Advisory Agreement to BAS. Management believes that the amounts charged to the Costs of Issuance are allowed and are appropriately recorded.

Ricardo C. Duenas Chairperson of the Board	2/24/10 Date
Anthony Blaz Administrator	2/24/10 Date
Christina Garcia Deputy Administrator	2/24/10 Date