



April 11, 2001

The Board of Directors
Guam Economic Development Authority

In planning and performing our audit of the financial statements of the Guam Economic Development Authority (GEDA) as of and for the year ended September 30, 2000 (on which we have issued our report dated April 11, 2001), we considered its internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on GEDA's internal control. Our consideration of GEDA's internal control would not necessarily disclose all matters in the Authority's internal control that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving GEDA's internal control and its operations that we consider to be material weaknesses as defined above.

During our audit, we noted other matters involving internal control and other operational matters that are presented for your consideration. These comments and recommendations, all of which have been discussed with the appropriate members of management, are intended to improve internal control or result in other operating efficiencies and are summarized as follows:

Finding No. 00-1 - Nonaccrual Loans

Criteria:

Loans, when applicable, should be reclassified to non-accrual loans.

Condition:

The loans listed below are greater than ninety days past due and may have to be transferred to nonaccrual status.

Fund

ADF	213, 219, 227
GDFA	363, 366, 374, 375, 368, 370, 367
MDP	003, 007

Cause:

The cause of this condition is unknown.

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Finding No. 00-1 - Nonaccrual Loans, Continued

Effect:

There is no known effect on the financial statements as a result of this condition. However, information in the loan trial balance may not be accurate.

Recommendation:

The accounting department should consider amending the loan trial balance to properly reflect this information. We understand that corrective action has already occurred in 2001 and therefore, it appears that this finding has been resolved.

Finding No. 00-2 - Loan Documentation

Criteria:

Original loan documents, i.e. loan agreement, promissory notes, recorded mortgage, title insurance, UCC financing statement and casualty insurance critical to enforcing loan agreements should be maintained in a safe.

Condition:

The following original documents were not maintained in a safe.

MDP
003

Title insurance

ADF
208

Title insurance for Lot 7043 Yigo

GDFA

379/380

Mortgage, title insurance for Lot 2149 Tamuning, Lot 285 Corbett, SF

Cause:

The cause of this condition is unknown.

Effect:

There is no known effect on the financial statements as a result of this condition. However, loan documentation necessary to assert claims on collateral may not be available.

Recommendation:

We recommend that appropriate loan documentation be deposited in a safe.

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Finding No. 00-3 - Perfection of Collateral

Criteria:

Property designated as loan collateral should be filed and perfected.

Condition:

Documentation indicating that a chattel mortgage for ADF loan no. 213 was perfected was not available for our inspection.

Cause:

The cause of this condition is unknown.

Effect:

There is no known effect on the financial statements as a result of this condition. However, the underlying loan may not be adequately collateralized.

Recommendation:

The necessary loan documents should be appropriately filed and perfected.

Finding No. 00-4 - Loan File Review

Criteria:

Loan documentation should be current.

Condition:

Current information, such as financial statements, appraisal reports and casualty insurance were not located for the loan files listed below.

MDP

015	Casualty insurance
008	Casualty insurance

GDFA

363/366	Financial statements, casualty insurance
374	Financial statements, casualty insurance, appraisal report
365	Casualty insurance

Cause:

The cause of this condition is unknown.

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Finding No. 00-4 - Loan File Review, Continued

Effect:

There is no known effect on the financial statements as a result of this condition. However, loan documentation necessary to assess loan collectibility may not be available.

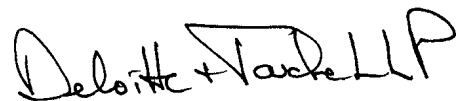
Recommendation:

We recommend the Authority update the abovementioned loan documentation.

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This report is intended solely for the information and use of the board of directors, management and others within the organization. We would be available to discuss any questions that you may have concerning the above comments at your convenience.

Very truly yours,

A handwritten signature in black ink that reads "Deloitte + Tatchell LLP". The signature is written in a cursive, stylized font.