

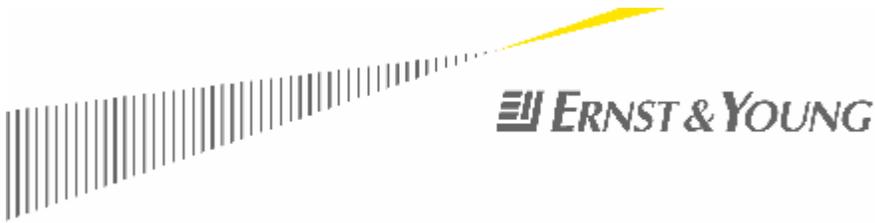


Management Letter

**Guam Preservation Trust**

*For the year ended September 30, 2009*

Ernst & Young



Ernst & Young LLP  
231 Ypao Road  
Suite 201, Ernst & Young Building  
Tamuning, Guam 96913  
Tel: +1-671-649-3700  
Fax: +1-671-649-3920  
[www.ey.com](http://www.ey.com)

The Board of Directors  
Guam Preservation Trust

In planning and performing our audit of the financial statements of the Guam Preservation Trust (the Trust) as of and for the year ended September 30, 2009, in accordance with auditing standards generally accepted in the United States, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, we considered its internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing an opinion on the effectiveness of the Trust's internal control. Accordingly, we do not express an opinion on the effectiveness of the Trust's internal control.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

### **Control Deficiency and Other Matters**

During our audit, we noted the following control deficiency, as defined above.

#### **Bank Reconciliations**

##### **Condition:**

The Trust outsources accounting services from a third-party service provider and receives back-ups of the data files. During our review of checks paid, we noted a disbursement was incorrectly recorded. This resulted in an adjustment of \$5,000 to correct the disbursement.

##### **Recommendation:**

We recommend that the Trust review the quarterly compilations, including restoring the back-up files, to ensure accuracy of data recorded.

### Other Matters

The Trust has some outstanding encumbrances that are over one year. We recommend that the Trust revisit these outstanding encumbrances to ensure the projects are still active and in compliance with the terms of the grant agreement.

In addition, we noted one instance in which a board project required more funds than that was originally approved. We recommend that the Trust follow-up on the settlement of the overage.

This communication is intended solely for the information and use of Management and the Board of Directors of the Trust, others within the organization, and the Office of the Public Accountability, and is not intended to be and should not be used by anyone other than these specified parties. However, this report is also a matter of public record.

We would be pleased to discuss the above matters or to respond to any questions, at your convenience.

*Ernst + Young LLP*

February 10, 2010