

MARIANAS PUBLIC LAND TRUST

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT

YEARS ENDED SEPTEMBER 30, 2002 AND 2001

INDEPENDENT AUDITORS' REPORT

Board of Trustees
Marianas Public Land Trust:

We have audited the accompanying statements of net assets of the Marianas Public Land Trust (MPLT), a component unit of the Commonwealth of the Northern Mariana Islands (CNMI), as of September 30, 2002 and 2001, and the related statements of revenues, expenses and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of MPLT's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of 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 MPLT's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the financial position of the Marianas Public Land Trust as of September 30, 2002 and 2001, and its changes in net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

As described in note 2 to the accompanying financial statements, MPLT adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*.

The Management's Discussion and Analysis on pages 3 through 8 is not a required part of the basic financial statements but is supplementary information required by GASB. This supplementary information is the responsibility of the Marianas Public Land Trust's management. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit such information and we do not express an opinion on it.

Our audits were conducted for the purpose of forming an opinion on the Marianas Public Land Trust's basic financial statements. The accompanying combining information presented on pages 9 through 11 and schedules of investments and administrative expenses compared to budget presented on pages 23 through 33 are presented for purposes of additional analysis and are not a required part of the basic financial statements. This combining information and schedules are the responsibility of the Marianas Public Land Trust's management. The combining information and schedules have been subjected to the auditing procedures applied by us in the audit of the 2002 financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 5, 2005, on our consideration of internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Deloitte + Toche LLC

October 5, 2005

Management's Discussion and Analysis Year Ended September 30, 2002

As management of the Marianas Public Land Trust, we offer readers of the Marianas Public Land Trust's financial statements this narrative overview and analysis of the financial activities of the Marianas Public Land Trust for the year ended September 30, 2002. This Management's Discussion and Analysis should be read in conjunction with the audited financial statements.

Implementing Authority

The origins of the Trust are found in both the Constitution of the Northern Mariana Islands and Public Law 94-241, Covenant to Establish a Commonwealth of the Northern Mariana Islands in Political Union with the United States of America. Both of these documents came into full force and effect on January 9, 1978.

Article XI, Section 6 of the Constitution provides for the establishment of the Trust upon the effective date of the Constitution. Some excerpts pertaining to the operating requirements of the Trust are:

- "... The number of trustees appointed by the Governor with the advise and consent of the Senate shall be ...[five]. Three shall be from Saipan, one from Rota and one from Tinian. At least one trustee shall be a woman and at least one trustee shall be of Carolinian descent. The trustees shall serve for a term of six years ... [shall] be staggered."
- "... The trustees shall make reasonable, careful and prudent investments."
- "... The trustees shall ...[use] the interest on the amount received for the lease of property at Tanapag Harbor for the development and maintenance of a memorial park. The trustees shall transfer to the general revenues of the Commonwealth the remaining interest accrued ...[except] that the trustees may retain the amount necessary to meet reasonable expenses of administration."
- "... The trustees shall make an annual written report to the people of the Commonwealth accounting for the revenues received and expenses incurred by the Trust and describing the investments and other transactions authorized by the trustees."
- "... The trustees shall be held to strict standards of fiduciary care. Each trustee shall annually submit to the Governor and the presiding officers of the Legislature a report disclosing their financial affairs, as provided by law."

The Covenant contains key provisions, which are fundamental to the Trust's development. Article VIII, Section 802 requires that certain lands be made available to the United States Government by lease in order for it to carry out its defense responsibilities. These lands consist of 7,203 hectares on Tinian, 72 hectares at Tanapag Harbor in Saipan, and the entire island of Farallon de Medinilla.

Article VIII, Section 803 of the Covenant describes the lease terms for the above properties. The Commonwealth will lease the property to the United States for 50 years with the United States having the option of renewing the lease for all or part of the property for an additional term of 50 years. The United States will pay the Commonwealth, in full settlement of the two 50 year lease terms, the total sum of \$19,520,600 determined as follows:

- Tinian Island property - \$17.5 million;
- Saipan Island property located at Tanapag Harbor - \$2 million;
- Farallon de Medinilla Island - \$20,600.

The above sum will be adjusted by a percentage, which will be the same as the percentage change in the United States Department of Commerce composite price index from the date of signing the Covenant. Additional terms and conditions of this lease are found in the Technical Agreement Regarding Use of Land To Be Leased by the United States, which was executed simultaneously with the Covenant.

Furthermore, Section 803 provides for over 53 hectares of the leased property at Tanapag Harbor to be made available by the United States, at no cost to the Commonwealth, to establish an American Memorial Park to honor the American and Marianas dead in the World War II Marianas Campaign. The \$2 million received from the United States for the lease of this property would be placed into a trust fund with the "income" to be used for the development and maintenance of the park.

This was the initial source of the funding for the Marianas Public Land Trust, i.e., \$23,942,602 allocated to the MPLT General Fund and \$2,000,000 allocated to the MPLT Park Fund. In 1991, an additional \$1,000,000 distribution was received from the Marianas Public Land Corporation.

Financial Highlights

The following financial highlights are taken from the audited financial statements for the years ended September 30, 2002 and 2001.

- The assets of the Trust declined as of 2002 by \$2,526,929 from the amount at 2001. This decline was due primarily to the continued declining valuations in the U.S. equity markets.
- Total liabilities increased as of 2002 by \$235,311 due to increased amount due to brokers from year end trades plus increased accounts payable less the reduction in amount due to other funds. There was no significant change or basis for the increase in liabilities other than timing of transactions.
- The above changes netted to result in a decrease of \$2,762,240 at 2002 in the total net assets (previously referred to as fund balance). This decline from 2001 was primarily in the principal fund balance resulting from the decline in the value of equity investments.
- The total revenues of the Trust are a combination of (1) the gains (losses) attributable to the valuation of investments plus (2) the income earned on such investments. Due to the depressed equity markets for 2002 and 2001, the Trust experienced a net loss of revenue for each year of \$845,531 and \$315,296, respectively. The fair value of investments decreased in 2002 by \$3,460,499 and in 2001 by \$3,064,228. This was due to the depressed financial markets affecting all the sectors.

- There was a 42.5% increase in administrative expenses over the amount for 2001. This was due to primarily to increased costs for attending fiduciary and investment related workshops, increased administrative and professional expenses relating to exploration of local investment programs, increased trustee fees and expenses and the hiring of a full time staff administrative assistant.

MPLT General Fund Operations

Over the past several years, the Trustees have been researching the language and intent of the Constitution relating to their authority for making investments and distributing net income to their beneficiary. There have been questions raised as to persons of Northern Marianas descent being the true beneficiaries of the Trust and therefore, the establishment of investment programs targeted to benefit them. Accordingly, a variety of programs have been explored for the purpose of including them within the Trust's "economically targeted investment" (ETI) and/or "social investment" programs. The following are some of the local investment programs, which have been reviewed and discussed:

- Locally operated parent/student tuition loan program
- Financing of the Tinian Civic Center
- Financing of privately operated dialysis facilities on Tinian and Rota
- Rota Typhoon Pongsona disaster loan program
- CDA/NMHC home and business disaster loan program
- Financing tourism related promotions on Tinian and Rota
- Administrative loan request for financing tax refunds and rebates
- Various real estate investment projects aimed at providing housing for medical referrals and other governmental purposes
- Financing of school buses for PSS
- Performing custodial investment related service for other Commonwealth governmental entities

Of these local investment opportunities, only the Rota scholarship parent/student loan program has been pursued on a trial or test basis. The initial amount of \$154,734 was loaned to a local nonprofit corporation to fund educational loans. The remaining local investment projects are currently on hold pending additional direction from the Court or receipt of more information relating thereto.

In 1998, MPLT instituted a series of loans to NMHC to provide the funds for them to be able to perform long term mortgage financing. As part of the conditions for making these loans, MPLT was granted via an appropriation (P. L. 10-29) the right to keep the interest earned on this loan and allocate it to the principal fund of the Trust. The following is a summary of the interest earned and retained as principal:

<u>Year</u>	<u>Amount</u>
1998	\$ 15,146
1999	246,931
2000	426,094
2001	679,414
2002	795,669
	<hr/>
Total	<u>\$ 2,163,254</u>

Furthermore, P. L. 12-27 approved the repayment of this loan through legislative appropriation of the operating transfer due to the CNMI General Fund from the net investment income of MPLT. Currently, the balance of the NMHC loan due to MPLT is \$8,996,623.

Condensed Financial Statement Summaries

Statement of Net Assets

<u>Assets</u>	<u>2002</u>	<u>2001</u>	<u>Net Change</u>
Current assets	\$ 2,346,947	\$ 4,659,771	\$ (2,312,824)
Investments	38,374,766	38,024,746	350,020
Notes receivable - non-current portion	8,996,623	9,116,611	(119,988)
Capital assets	21,716	21,742	(26)
Total	<u>\$ 49,740,052</u>	<u>\$ 51,822,870</u>	<u>\$ (2,082,818)</u>

Liabilities and Net Assets

Current liabilities	<u>\$ 1,509,279</u>	<u>\$ 1,332,611</u>	<u>\$ 176,668</u>
Invested in capital assets	21,716	21,742	(26)
Restricted principal	48,209,008	50,468,511	(2,259,503)
Restricted income	49	6	43
Net assets	<u>48,230,773</u>	<u>50,490,259</u>	<u>(2,259,486)</u>
Total	<u>\$ 49,740,052</u>	<u>\$ 51,822,870</u>	<u>\$ (2,082,818)</u>

Statement of Revenues, Expenses and Changes in Net Assets

	<u>2002</u>	<u>2001</u>	<u>Net Change</u>
Operating revenues	\$ (690,084)	\$ (226,817)	\$ (463,267)
Operating expenses	674,502	467,669	206,833
Operating transfers	(894,900)	(1,303,300)	408,400
Change in net assets	(2,259,486)	(1,997,786)	(261,700)
Beginning net assets	<u>50,490,259</u>	<u>52,488,045</u>	<u>(1,997,786)</u>
Ending net assets	<u>\$ 48,230,773</u>	<u>\$ 50,490,259</u>	<u>\$ (2,259,486)</u>

Goals and Objectives

As part of MPLT's fiduciary duty to prudently manage its investment principal, it also has the responsibility to insure the requirements of the Constitution are met, which requires annual distribution of Marianas Public Land Authority's (MPLA) net income after deduction of its administrative expenses to MPLT. The last distribution received from MPLA was in 1991. In recent years, MPLA has been accumulating funds and investing them in local banks. It is MPLA's position that these funds are needed for future homestead developments and are not due to be distributed to MPLT.

In order to resolve this dispute, MPLT has filed suit against MPLA for certain bank deposits as well as refraining them from the write-off of receivables deemed to be uncollectible. It is MPLT's goal to resolve this issue and collect all the funds the Court may deem to be owed.

The Trust is requesting instructions from the Commonwealth Supreme Court to define its authority and responsibilities more clearly. As stated previously, the Trustees believe the Constitution is vague on many issues involving their authority as well as their duties and responsibilities. The questions submitted ask for designation of the various beneficiaries of the Trust, computation and identification of funds to determine the distribution of interest to the Commonwealth General Fund, usage of qualitative measurements in evaluating an investment or is the evaluation limited to quantitative measurements only, is a simple majority vote of the Trustees sufficient for the investment of the Trust's funds or is unanimity required, what is the definition of "other transactions" as used in the Constitutional language and can it include making of grants, royalties or loans under an ETI program, is the Legislature a co-trustee with MPLT of the funds earned on interest distributed for appropriation, how is MPLA required to compute its distribution to MPLT and when is it to be paid, does MPLT have a fiduciary duty to ensure the funds distributed to the CNMI General Fund are specifically appropriated to benefit only those persons of NMI descent and may the Trustees engage in social investing to directly benefit persons of NMI descent?

It is the Trust's goal to have these issues defined in order to provide the current and future Trustees with a clear understanding of their authority. The ruling by the Supreme Court will provide not only MPLT, but also other interested parties, with understandable guidelines of MPLT's duties and responsibilities.

MPLT Park Fund Operations

The MPLT Park Fund is part of the overall trust fund but is separately managed and accounted for due to its funding source and a different beneficiary as compared to the MPLT General Fund. As stated previously, the Park Fund received its principal funding from the lease proceeds of a portion of the Tinian - Tanapag Harbor - Farallon de Medinilla land lease revenues. The \$2,000,000 for the Tanapag Harbor in Saipan was dedicated to the formation of the American Memorial Park. The income on this principal contribution can only be used for the maintenance and development of the American Memorial Park (AMP). Accordingly, this initial principal contribution has been prudently managed since 1983 and has grown to \$6,183,774. This has been accomplished while distributing \$2,946,641 for AMP maintenance and development.

As part of a plan to make some of the principal available for development of the AMP, the Trust entered into a loan arrangement with the Commonwealth Development Authority on November 30, 2001 to lend them \$2,000,000 to be used with CIP funding grants in order to make the following additions and upgrades to the Park:

1. American Memorial Park Visitor/Cultural Center	\$ 1,305,200
2. American Memorial Park Marianas Memorial Garden	514,000
3. Remodel and Upgrade Amphitheater	1,310,800
4. Exhibit Design and Construction of Visitor Center	<u>870,000</u>
 Total	 <u>\$ 4,000,000</u>

This loan is to be repaid from future income realized on the Park Fund investments. As income is received, the principal portion of the payment will be taken from the income stream and transferred to principal and re-invested. The term of the loan is fifteen years at an annual rate of 6.5%. The monthly principal and interest payment will be \$17,422. It is through this mechanism that MPLT has been able to benefit the Park and sustain new development.

Condensed Financial Statement Summaries

Statement of Net Assets

<u>Assets</u>	<u>2002</u>	<u>2001</u>	<u>Net Change</u>
Current assets	\$ 900,560	\$ 1,217,298	\$ (316,738)
Investments	5,873,038	6,000,411	(127,373)
Total	\$ 6,773,598	\$ 7,217,709	\$ (444,111)
<u>Liabilities and Net Assets</u>			
Current liabilities	\$ 138,378	\$ 79,735	\$ 58,643
Restricted principal	6,183,774	6,589,075	(405,301)
Restricted income	451,446	548,899	(97,453)
Net assets	6,635,220	7,137,974	(502,754)
Total	\$ 6,773,598	\$ 7,217,709	\$ (444,111)

Statement of Revenues, Expenses and Changes in Net Assets

	<u>2002</u>	<u>2001</u>	<u>Net Change</u>
Operating revenues	\$ (155,447)	\$ (88,479)	\$ (66,968)
Operating expenses	77,452	59,838	17,614
Operating transfers	(269,855)	(95,321)	(174,534)
Change in assets	(502,754)	(243,638)	(259,116)
Beginning net assets	7,137,974	7,381,612	(243,638)
Ending net assets	\$ 6,635,220	\$ 7,137,974	\$ (502,754)

Goals and Objectives

It is the intention of the Board of Trustees to continue to provide financial assistance to the American Memorial Park in accordance with the terms of the Constitution and Covenant. It has been through the Trust's stewardship of the Park Fund assets that the developments in the AMP have occurred. The Trustees plan to continue this past record of achievement and use it as a basis for further enhancements of a facility, which benefits the Commonwealth as a whole.

Contacting The MPLT's Financial Management

This report is designed to provide the branches of the Commonwealth Government and the public at large with a general overview of MPLT's finances and to show the MPLT's accountability for the money it receives. If you have questions about this report or need additional financial information, contact MPLT's Executive Director, P. O. Box 501089, Saipan, MP 96950 or phone at (670) 322-4401 or email mplt@vzpacifica.net.

MARIANAS PUBLIC LAND TRUST

Statements of Net Assets
September 30, 2002 and 2001
(With Combining Information as of September 30, 2002)

ASSETS	General Fund	Park Fund	Totals	
			2002	2001 (As Restated)
Current assets:				
Cash and cash equivalents	\$ 1,976,469	\$ 787,914	\$ 2,764,383	\$ 4,892,720
Receivables:				
Accrued income	284,109	58,809	342,918	481,205
Commissions rebate	4,993	2,554	7,547	6,034
Other	51	-	51	-
Due from CNMI Government	434	51,283	51,717	177,897
Due from other funds	3,532	-	3,532	58,256
Due from brokers	77,359	-	77,359	259,367
Prepaid expense	-	-	-	1,590
Total current assets	<u>2,346,947</u>	<u>900,560</u>	<u>3,247,507</u>	<u>5,877,069</u>
Other assets, restricted:				
Investments	<u>38,374,766</u>	<u>5,873,038</u>	<u>44,247,804</u>	<u>44,025,157</u>
Total other assets, restricted	<u>38,374,766</u>	<u>5,873,038</u>	<u>44,247,804</u>	<u>44,025,157</u>
Noncurrent assets:				
Notes receivable, net of current portion	8,996,623	-	8,996,623	9,116,611
Capital assets (net of accumulated depreciation)	21,716	-	21,716	21,742
Total noncurrent assets	<u>9,018,339</u>	<u>-</u>	<u>9,018,339</u>	<u>9,138,353</u>
	<u>\$ 49,740,052</u>	<u>\$ 6,773,598</u>	<u>\$ 56,513,650</u>	<u>\$ 59,040,579</u>
<u>LIABILITIES AND NET ASSETS</u>				
Current liabilities:				
Accounts payable	\$ 113,763	\$ 3,673	\$ 117,436	\$ 94,356
Due to other funds	-	3,532	3,532	58,256
Payable to brokers	220,132	131,173	351,305	85,234
Due to CNMI Government	1,174,500	-	1,174,500	1,174,500
Accrued expenses	884	-	884	-
Total liabilities	<u>1,509,279</u>	<u>138,378</u>	<u>1,647,657</u>	<u>1,412,346</u>
Commitments				
Net assets:				
Investment in capital assets	21,716	-	21,716	21,742
Restricted:				
Principal	48,209,008	6,183,774	54,392,782	57,057,586
Income	49	451,446	451,495	548,905
Total net assets	<u>48,230,773</u>	<u>6,635,220</u>	<u>54,865,993</u>	<u>57,628,233</u>
	<u>\$ 49,740,052</u>	<u>\$ 6,773,598</u>	<u>\$ 56,513,650</u>	<u>\$ 59,040,579</u>

See accompanying notes to financial statements.

MARIANAS PUBLIC LAND TRUST

Statements of Revenues, Expenses and Changes in Net Assets
 Years Ended September 30, 2002 and 2001
 (With Combining Information for the Year Ended September 30, 2002)

	General	Park	Totals	
	Fund	Fund	2002	2001
Operating revenues:				
Net decrease in the fair value of investments	\$ (3,055,198)	\$ (405,301)	\$ (3,460,499)	\$ (3,064,228)
Interest income	2,060,148	205,573	2,265,721	2,441,875
Dividend income	304,966	44,281	349,247	307,057
Total operating revenues	<u>(690,084)</u>	<u>(155,447)</u>	<u>(845,531)</u>	<u>(315,296)</u>
Operating expenses:				
Money manager fees	168,238	34,059	202,297	205,178
Money management administration	135,013	11,740	146,753	51,152
Contract services	112,129	9,750	121,879	89,576
Consultancy fees	94,502	8,218	102,720	99,763
Trustees' expenses	65,152	5,665	70,817	10,973
Professional fees	32,551	2,830	35,381	6,167
Office supplies	19,961	1,736	21,697	12,823
Rent and utilities	12,862	1,118	13,980	14,259
Annual report preparation	10,750	935	11,685	14,559
Salaries and benefits	10,547	917	11,464	-
Depreciation	7,235	-	7,235	7,091
Audit	5,060	440	5,500	6,250
Document management system	502	44	546	9,716
Total operating expenses	<u>674,502</u>	<u>77,452</u>	<u>751,954</u>	<u>527,507</u>
Operating loss	<u>(1,364,586)</u>	<u>(232,899)</u>	<u>(1,597,485)</u>	<u>(842,803)</u>
Operating transfers:				
Transfers in	795,669	-	795,669	679,414
Transfers out	<u>(1,690,569)</u>	<u>(269,855)</u>	<u>(1,960,424)</u>	<u>(2,078,035)</u>
Total operating transfers	<u>(894,900)</u>	<u>(269,855)</u>	<u>(1,164,755)</u>	<u>(1,398,621)</u>
Change in net assets	(2,259,486)	(502,754)	(2,762,240)	(2,241,424)
Net assets at beginning of year	<u>50,490,259</u>	<u>7,137,974</u>	<u>57,628,233</u>	<u>59,869,657</u>
Net assets at end of year	<u>\$ 48,230,773</u>	<u>\$ 6,635,220</u>	<u>\$ 54,865,993</u>	<u>\$ 57,628,233</u>

See accompanying notes to financial statements.

MARIANAS PUBLIC LAND TRUST

Statements of Cash Flows
 Years Ended September 30, 2002 and 2001
 (With Combining Information for the Year Ended September 30, 2002)

	General	Park	Totals	
	Fund	Fund	2002	2001
Cash flows from operating activities:				
Cash received from operations	\$ 1,777,402	\$ 381,794	\$ 2,159,196	\$ 2,256,978
Cash payments to suppliers for goods and services	(641,210)	(132,679)	(773,889)	(528,252)
Net cash provided by operating activities	<u>1,136,192</u>	<u>249,115</u>	<u>1,385,307</u>	<u>1,728,726</u>
Cash flows from noncapital financing activities:				
Net operating transfers out	-	(269,855)	(269,855)	(128,862)
Net cash used for noncapital financing activities	<u>-</u>	<u>(269,855)</u>	<u>(269,855)</u>	<u>(128,862)</u>
Cash flows from capital and related financing activities:				
Acquisition of property and equipment	(7,209)	-	(7,209)	(6,052)
Net cash used for capital and related financing activities	<u>(7,209)</u>	<u>-</u>	<u>(7,209)</u>	<u>(6,052)</u>
Cash flows from investing activities:				
Net increase in notes receivable	-	-	-	(3,897,046)
Net investment liquidations (additions)	(48,536)	272,455	223,919	6,617,289
Net decrease in the fair value of investments	(3,055,198)	(405,301)	(3,460,499)	(3,064,228)
Net cash used for investing activities	<u>(3,103,734)</u>	<u>(132,846)</u>	<u>(3,236,580)</u>	<u>(343,985)</u>
Net (decrease) increase in cash and cash equivalents	(1,974,751)	(153,586)	(2,128,337)	1,249,827
Cash and cash equivalents at beginning of year	3,951,220	941,500	4,892,720	3,642,893
Cash and cash equivalents at end of year	<u>\$ 1,976,469</u>	<u>\$ 787,914</u>	<u>\$ 2,764,383</u>	<u>\$ 4,892,720</u>
Reconciliation of operating loss to net cash provided by operating activities:				
Operating loss	\$ (1,364,586)	\$ (232,899)	\$ (1,597,485)	\$ (842,803)
Adjustments to reconcile operating loss to net cash provided by operating activities:				
Net decrease in the fair value of investments	3,055,198	405,301	3,460,499	3,064,228
Depreciation	7,235	-	7,235	7,091
(Increase) decrease in assets:				
Receivable - accrued income	(648,710)	12,085	(636,625)	(356,316)
Due from CNMI Government	6,325	119,855	126,180	(172,697)
Due from other funds	54,724	-	54,724	37,059
Other receivable	(51)	-	(51)	-
Prepaid expense	1,590	-	1,590	(1,590)
Increase (decrease) in liabilities:				
Accounts payable	23,583	(503)	23,080	30,813
Due to other funds	-	(54,724)	(54,724)	(37,059)
Accrued expenses	884	-	884	-
Net cash provided by operating activities	<u>\$ 1,136,192</u>	<u>\$ 249,115</u>	<u>\$ 1,385,307</u>	<u>\$ 1,728,726</u>

Supplemental schedule of noncash operating, financing and investing activities:

Pursuant to Public Law 12-27, MPLT applied the required income distribution to the CNMI General Fund of \$894,900 and \$1,303,300 for the years ended September 30, 2002 and 2001, respectively, as repayment of NMHC's loan.

Decrease in receivable - accrued income	\$ (774,912)	\$ -	\$ (774,912)	\$ (883,389)
Decrease in notes receivable	(119,988)	-	(119,988)	(419,911)
Increase in operating transfers out	894,900	-	894,900	1,303,300
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to financial statements.

MARIANAS PUBLIC LAND TRUST

Notes to Financial Statements
September 30, 2002 and 2001

(1) Organization and Purpose

The Marianas Public Land Trust (MPLT), a component unit of the Commonwealth of the Northern Mariana Islands (CNMI), was formed on January 9, 1978, pursuant to the ratification and adoption of the Constitution of the CNMI, Covenant to Establish a Commonwealth of the Northern Mariana Islands in Political Union with the United States of America (the Covenant), and Technical Agreement Regarding Use of Land to be Leased by the United States in the Northern Mariana Islands.

MPLT did not become operational until May 17, 1983, when its Trustees were appointed by the Governor with confirmation by the Senate.

The purpose of MPLT is to manage all monies received by it from the Marianas Public Lands Authority (MPLA) for the use of public lands. MPLA has the responsibility to manage the public lands and distribute to MPLT all revenues net of reasonable expenses of administration.

MPLT's responsibility, with respect to monies received by it from MPLA, requires it to make reasonable, careful and prudent investments. The Trustees have taken the position that their duty to the beneficiaries is not only to provide income to the general fund of the CNMI but also to preserve the principal of MPLT. As such, MPLT is currently allocating capital gains and losses on equity investments to principal fund balance. These capital gains and losses are not considered to be available for distribution to the general fund of the CNMI. Other forms of income on investments, after deduction of amounts necessary to meet reasonable administrative expenses, are distributed to the general fund of the CNMI.

Additionally, MPLT is responsible for carrying out the intention of Article VIII, Section 803(e) of the Covenant, by establishing a separate trust fund for the development and maintenance of an American Memorial Park. The Trustees are allocating capital gains and losses on equity investments of this trust fund to the principal of the trust fund. Other forms of income on investments, after deduction of amounts necessary to meet reasonable administrative expenses, are to be used for the development and maintenance of the American Memorial Park.

(2) Summary of Significant Accounting Policies

The accounting policies of MPLT conform to accounting principles generally accepted in the United States of America, as applicable to governmental entities, specifically proprietary funds. Governmental Accounting Standards Board (GASB) Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*, requires that proprietary activities apply all applicable GASB pronouncements as well as Statements and Interpretations issued by the Financial Accounting Standards Board (FASB), Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedures issued on or before November 30, 1989. MPLT has implemented GASB 20 and elected not to apply FASB Statements and Interpretations issued after November 30, 1989.

MARIANAS PUBLIC LAND TRUST

Notes to Financial Statements
September 30, 2002 and 2001

(2) Summary of Significant Accounting Policies, Continued

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Basis of Accounting

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operation of this fund are included on the statements of net assets. Proprietary fund operating statements present increases (e.g. revenues) and decreases (e.g. expenses) in net assets. The accrual basis of accounting is utilized for proprietary funds. Under this method, revenues are recorded when earned and expenses recorded at the time liabilities are incurred.

Cash and Cash Equivalents

For purposes of the statements of net assets and cash flows, MPLT considers all cash held in demand accounts with initial maturities of ninety days or less, to be cash and cash equivalents. At September 30, 2002 and 2001, total cash and cash equivalents were \$2,764,383 and \$4,892,720, respectively. Corresponding bank balances were \$111,070 and \$130,699, respectively. Of the bank balance amount, \$111,070 and \$130,699 are maintained in financial institutions subject to Federal Deposit Insurance Corporation (FDIC) insurance as of September 30, 2002 and 2001, respectively. Bank deposits in the amount of \$100,000 were FDIC insured as of September 30, 2002 and 2001.

	<u>2002</u>	<u>2001</u>
Custodian money market sweep deposits	\$ 2,653,313	\$ 4,762,021
Deposits with federally insured banks	<u>111,070</u>	<u>130,699</u>
	<u>\$ 2,764,383</u>	<u>\$ 4,892,720</u>

CNMI law does not require component unit funds to be collateralized and thus MPLT's funds are uncollateralized. The money market sweep account deposit is not federally insured.

Investments

MPLT has selected a custodian for both funds who is to safekeep all securities and cash, account for all cash flows including investment income and provide monthly statements. The minimum criteria for the custodian are:

1. Shall be a U.S. bank or trust company regulated by the Federal Reserve Board, a state banking authority or the Comptroller of the Currency.
2. Shall have a net worth in excess of ten million dollars.

MARIANAS PUBLIC LAND TRUST

Notes to Financial Statements
September 30, 2002 and 2001

(2) Summary of Significant Accounting Policies, Continued

Investments, Continued

3. Shall be a member of the Depository Trust Co. I.D. system.
4. Shall have ten years experience as a custodian of financial assets.
5. Shall have at least \$1 billion in custodial assets.

The Trustees have determined that the following investment policy will govern the investment of assets of MPLT.

- (i) MPLT has selected three money managers for the General Trust Fund and the American Memorial Park Trust Fund who are given authority to buy and sell securities. Each money manager must meet the following minimum criteria.
 1. Be a bank, insurance company, investment management company, or investment adviser as defined by the Registered Investment Advisers Act of 1940.
 2. Provide historical quarterly performance numbers calculated on a time-weighted basis, based on a composite of all fully discretionary accounts of similar investment style, and reported net and gross of fees.
 3. Provide performance evaluation reports prepared by an objective third party that illustrate the risk/return profile of the manager relative to other managers of like investment style.
 4. Provide detailed information on the history of the firm, key personnel, key clients, fee schedule, and support personnel.
 5. Clearly articulate the investment strategy that will be followed and document that the strategy has been successfully adhered to over time.
 6. Selected firms shall have no outstanding legal judgments or past judgments which may reflect negatively upon the firm.
- (ii) Every money manager selected to manage Trust assets must adhere to the following guidelines.
 1. The following securities and transactions are not authorized, unless receiving prior Board approval:
 - Letter stock and other unregistered securities; commodities or other commodity contracts; and short sales or margin transactions.
 - Securities lending; pledging or hypothecating securities.
 - Investments in the equity securities of any company with a record of less than three years' continuous operation, including the operation of any predecessor; and investments for the purpose of exercising control of management are all restricted.

MARIANAS PUBLIC LAND TRUST

Notes to Financial Statements
September 30, 2002 and 2001

(2) Summary of Significant Accounting Policies, Continued

Investments, Continued

2. Domestic Equities:

- Equity holdings in any one company should not exceed more than 10% of the market value of MPLT's equity portfolio.
- Investments in any one sector should not be excessive.
- The manager shall emphasize quality in security selection and shall avoid risk of large loss through diversification.
- The manager shall emphasize quality in security selection of the specific style hired to manage and shall avoid risk of large loss through diversification within its mandated style, i.e. Dom. Equity-Lg. Cap. Growth/Value/Core Style.
- The managers shall have the discretion to invest a portion of the assets in cash reserves when they deem appropriate. However, the managers will be evaluated against their peers on the performance of the total funds under their direct management.
- Holdings of individual securities shall be large enough (round lots) for easy liquidation.

3. Domestic Fixed Income:

- All fixed-income securities held in the portfolio shall have a nationally recognized credit quality rating like Moody's, Standard & Poor's and/or a Fitch's credit quality rating of no less than "BBB". U.S. Treasury and U.S. government agencies, which are unrated securities, are qualified for inclusion in the portfolio.
- No more than 20% of the market value of the fixed income portfolio shall be rated less than single "A" quality, unless the manager has specific written authorization.
- The exposure of the portfolio to any one issuer, other than securities of the U.S. government or agencies, shall not exceed 10% of the market value of the fixed income portfolio.
- Holdings of individual issues shall be large enough (round lots) for easy liquidation.

4. International Equities:

- Equity holdings in any one company shall not exceed more than 10% of the International Equity portfolio.

MARIANAS PUBLIC LAND TRUST

Notes to Financial Statements
September 30, 2002 and 2001

(2) Summary of Significant Accounting Policies, Continued

Investments, Continued

- Investments in any one industry category should not be excessive.
 - Allocations to any specific country shall not be excessive relative to a broadly diversified international equity manager peer group. It is expected that the non-U.S. equity portfolio will have no more than 40% in any one country.
 - The manager may enter into foreign exchange contracts on currency provided that use of such contracts is limited to hedging currency exposure existing within the manager's portfolio. There shall be no direct foreign currency speculation or any related investment activity.
5. Cash/Cash Equivalents:
- Cash equivalent reserves shall consist of cash instruments having a quality rating of A-1, P-1 or higher. Eurodollar Certificates of Deposits, time deposits, and repurchase agreements are also acceptable investment vehicles.
 - Any idle cash not invested by the investment managers shall be invested daily through an automatic interest bearing sweep vehicle selected by the manager, available and/or managed by the custodian.
6. Economically-Targeted Investments/Socially Responsible Investments:
- Economically-targeted investments (ETIs) refer to investments in vehicles which are structured to produce corollary benefits, e.g. job creation or affordable housing, in addition to the main objective of a competitive risk-adjusted rate of return.
7. International Mutual Funds:
- In fiscal year 1998, the Board of Trustees approved the creation of another investment category, which could further diversify the portfolio. The mutual fund's primary focus would be in European and Asian markets.
8. Large Capital Value Money Managers:
- The large capital value money managers may invest up to 20% of the portfolio in securities below \$5 billion capitalization, but above \$2.5 billion in market capitalization; up to 20% of the portfolio in ADR's (Asset Depository Receipt) (international) securities above \$2.5 billion in market capitalization; however, at no time shall the portfolio exceed 30% of combined total value in ADR's and Lower-Cap securities below \$5 billion, but above \$2.5 billion in market capitalization.

MARIANAS PUBLIC LAND TRUST

Notes to Financial Statements
September 30, 2002 and 2001

(2) Summary of Significant Accounting Policies, Continued

Investments, Continued

(iii) Asset allocation of the two funds are as follows:

1. General Trust Fund

Asset Allocation:

	<u>Lower Limit</u>	<u>Strategic Allocation</u>	<u>Upper Limit</u>
Domestic Large Capitalization Equities:	41%	44%	47%
Value	19%	22%	25%
Growth	19%	22%	25%
Domestic Fixed Income:			
Core	38%	41%	44%
Economically-Targeted Investments: ETI (\$5 million)		±15%	

2. American Memorial Park Trust Fund

Asset Allocation:

	<u>Lower Limit</u>	<u>Strategic Allocation</u>	<u>Upper Limit</u>
Domestic Large Capitalization Equities:	47%	50%	53%
Value	22%	25%	28%
Growth	22%	25%	28%
Domestic Fixed Income (50%):			
Core	47%	50%	53%

3. Rebalancing of Strategic Allocation

The percentage allocation to each asset class may vary as much as plus or minus 5% depending upon market conditions.

When necessary and/or available, cash inflows/outflows will be deployed in a manner consistent with the strategic asset allocation of MPLT. If there are no cash flows, the allocation of MPLT will be reviewed quarterly.

If the Trustees judge cash flows to be insufficient to bring MPLT within the strategic allocation ranges, the Trustees shall decide whether to effect transactions to bring the strategic allocation within the threshold ranges (Strategic Allocation).

MARIANAS PUBLIC LAND TRUST

Notes to Financial Statements
September 30, 2002 and 2001

(2) Summary of Significant Accounting Policies, Continued

Investments, Continued

MPLT values its investments at fair value in accordance with GASB Statement 31. MPLT's investments as of September 30, 2002 and 2001 (with combining information as of September 30, 2002) is as follows:

	<u>General Fund</u>	<u>Park Fund</u>	<u>2002</u>	<u>2001</u>
<u>Equities:</u>				
Common stock	\$ 19,486,919	\$ 2,258,780	\$ 21,745,699	\$ 18,463,873
<u>Fixed Income Securities:</u>				
Corporate bonds	12,807,724	2,443,529	15,251,253	19,163,302
Government obligations	1,917,308	401,752	2,319,060	3,023,160
Government agencies	<u>4,162,815</u>	<u>768,977</u>	<u>4,931,792</u>	<u>3,374,822</u>
	<u>\$ 38,374,766</u>	<u>\$ 5,873,038</u>	<u>\$ 44,247,804</u>	<u>\$ 44,025,157</u>

GASB Statement No. 3 requires government entities to categorize investments to give an indication of the level of credit risk assumed by the entity at year end. MPLT's investments are categorized as either (1) insured or registered for which the securities are held by MPLT or its agent in MPLT's name, (2) uninsured and unregistered for which the securities are held by the broker's or dealer's trust department or agent in MPLT's name, or (3) uninsured and unregistered for which the securities are held by the broker or dealer, or by its trust department or agent but not in MPLT's name. All of MPLT's investments are classified in category (1).

Capital Assets

Capital assets are stated at cost. Depreciation is provided over the estimated useful lives of the assets through use of the straight-line method and is charged as a reduction in the investment. Current policy is to capitalize items in excess of \$250.

New Accounting Standards

GASB has issued Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, which was subsequently amended by Statement No. 37, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, and modified by Statement No. 38, *Certain Financial Statement Disclosures*. These statements establish financial reporting standards for governmental entities which require that management's discussion and analysis of the financial activities be included with the basic financial statements and notes and modifies certain other financial statement disclosure requirements. MPLT is required to adopt GASB Statement No. 34, as amended by GASB Statement No. 37, and certain provisions of GASB Statement No. 38 in fiscal year 2002.

MARIANAS PUBLIC LAND TRUST

Notes to Financial Statements
September 30, 2002 and 2001

(2) Summary of Significant Accounting Policies, Continued

New Accounting Standards, Continued

To conform with the requirements of GASB 34, the following changes have been made to MPLT's financial statements:

- Fund equity has been reclassified into the following net asset categories:
 - Investment in capital assets, net of accumulated depreciation
 - Restricted:
 - Net assets restricted for principal
 - Net assets restricted for income
- The statement of cash flows has been presented using the direct method.

For fiscal year 2005 MPLT will be implementing GASB Statement No. 40, *Deposit and Investment Risk Disclosures (an amendment of GASB Statement No. 3)*, GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries* and GASB Statement No. 46, *Net Assets Restricted by Enabling Legislation*. As of September 30, 2002, MPLT has not evaluated the financial statement impact of GASB Statement Nos. 40, 42 and 46.

(3) Notes Receivable

	<u>2002</u>	<u>2001</u> <u>(As Restated)</u>
Note receivable from the Northern Marianas Housing Corporation (NMHC), bearing interest at 8.5%, due on March 1, 2016, collateralized by the full faith and credit of the CNMI Government and specifically pledged loans receivable of NMHC. CNMI Public Law 12-27 approved the repayment of this loan through legislative appropriation of operating transfers to the general fund of the CNMI Government from investment income of MPLT. Operating transfers in the general fund reduces the CNMI Government receivables from MPLT but recognizes a receivable from NMHC deferred for ten years.	<u>\$ 8,996,623</u>	<u>\$ 9,116,611</u>

At September 30, 2002, principal and interest repayments of the note receivable for the following years ending September 30, are as follows:

<u>Year ending</u> <u>September 30,</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u>
2003	\$ -	\$ 764,713
2004	-	766,808
2005	-	764,713
2006	-	764,713
2007	-	764,713
2008 - 2012	-	3,823,565
2013 - 2016	<u>8,996,623</u>	<u>2,740,222</u>
	<u>\$ 8,996,623</u>	<u>\$ 10,389,447</u>

MARIANAS PUBLIC LAND TRUST

Notes to Financial Statements
September 30, 2002 and 2001

(4) Capital Assets

A summary of capital assets as of September 30, 2002 and 2001, is as follows:

	<u>Estimated Useful Lives</u>	<u>Balance at October 1, 2001</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at September 30, 2002</u>
Furniture, fixtures and equipment	3 - 10 years	\$ 61,352	\$ 7,209	\$ -	\$ 68,561
Less accumulated depreciation		<u>(39,610)</u>	<u>(7,235)</u>	<u>-</u>	<u>(46,845)</u>
		\$ <u>21,742</u>	\$ <u>(26)</u>	\$ <u>-</u>	\$ <u>21,716</u>
	<u>Estimated Useful Lives</u>	<u>Balance at October 1, 2000</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at September 30, 2001</u>
Furniture, fixtures and equipment	3 - 10 years	\$ 55,300	\$ 6,052	\$ -	\$ 61,352
Less accumulated depreciation		<u>(32,519)</u>	<u>(7,091)</u>	<u>-</u>	<u>(39,610)</u>
		\$ <u>22,781</u>	\$ <u>(1,039)</u>	\$ <u>-</u>	\$ <u>21,742</u>

(5) Net Assets

In accordance with MPLT's accounting policies, gains and losses on investments are allocated to principal. Additionally, a portion of transfers in from the CNMI government is specifically designated as an increase in principal. Movement in principal and interest accounts for the years ended September 30, 2002 and 2001, is summarized as follows:

	<u>Principal</u>	<u>Income</u>	<u>2002</u>	<u>2001</u>
<u>General Fund</u>				
Balance at beginning of year	\$ 50,468,511	\$ 6	\$ 50,468,517	\$ 52,465,264
Net decrease in the fair value of investments	<u>(3,055,198)</u>	-	<u>(3,055,198)</u>	<u>(2,677,203)</u>
Other operating net income	26	1,690,612	1,690,638	1,983,756
Transfers	<u>795,669</u>	<u>(1,690,569)</u>	<u>(894,900)</u>	<u>(1,303,300)</u>
Balance at end of year	\$ <u>48,209,008</u>	\$ <u>49</u>	\$ <u>48,209,057</u>	\$ <u>50,468,517</u>
<u>Park Fund</u>				
Balance at beginning of year	\$ 6,589,075	\$ 548,899	\$ 7,137,974	\$ 7,381,612
Net decrease in the fair value of investments	<u>(405,301)</u>	-	<u>(405,301)</u>	<u>(387,025)</u>
Other operating net income	-	172,402	172,402	238,708
Transfers	<u>-</u>	<u>(269,855)</u>	<u>(269,855)</u>	<u>(95,321)</u>
Balance at end of year	\$ <u>6,183,774</u>	\$ <u>451,446</u>	\$ <u>6,635,220</u>	\$ <u>7,137,974</u>

MARIANAS PUBLIC LAND TRUST

Notes to Financial Statements September 30, 2002 and 2001

(6) Transfers

In accordance with Article XI of the Constitution of the CNMI, MPLT makes operating transfers out to the general fund of the CNMI government from investment income. During the years ended September 30, 2002 and 2001, MPLT recorded \$1,690,569 and \$1,982,714, respectively, for transfers out to the general fund of the CNMI.

In accordance with Public Law 10-29, MPLT is to retain all interest from loans to NMHC as an addition to principal. This is considered to be a transfer in from the CNMI government to principal. During the years ended September 30, 2002 and 2001, MPLT recorded \$795,669 and \$679,414, respectively, for transfers in from the general fund of the CNMI.

In accordance with Article VIII, Section 803(e) of the Covenant, MPLT makes operating transfers out for the development and maintenance of the American Memorial Park. During the years ended September 30, 2002 and 2001, MPLT recorded \$269,855 and \$95,321, respectively, for transfers out for this purpose.

(7) Risk Management

MPLT is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. MPLT has elected not to purchase commercial insurance for the risks of loss to which it is exposed. Instead, MPLT's management believes it is more economical to manage its risks internally. MPLT will report all of its risk management activities, if and when such occurs. Claims expenditures and liabilities will be reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Losses, if reported, include an estimate of claims that have been incurred but not reported. No losses as a result of these risks have occurred or have been reported within the accompanying financial statements.

(8) Commitments

In accordance with the addendum of memorandum of agreement between the CNMI and the U.S. Department of the Interior for development and management of the American Memorial Park, MPLT is obligated to contribute \$150,000 annually for development and management of the American Memorial Park.

In accordance with Public Law 11-72, the Trustees have approved a loan of \$2,000,000 to the Commonwealth Development Authority from the Park Trust Fund. The loan is for funding of various development and maintenance projects at the American Memorial Park. Repayments are to be made from future distributable net income of the Park Trust Fund. No funds have been disbursed as of September 30, 2002.

MARIANAS PUBLIC LAND TRUST

Notes to Financial Statements
September 30, 2002 and 2001

(8) Restatement

At September 30, 2000, MPLT owed the CNMI Government net transfers amounting to \$1,174,500. Public Law 12-27 became effective October 19, 2000 and approved the repayment of notes receivable from NMHC through legislative appropriation of operating transfers to the general fund of the CNMI Government from investment income of MPLT. During the year ended September 30, 2001, MPLT offset the \$1,174,500 liability to the CNMI Government against notes receivable from NMHC.

On October 29, 2002, MPLT entered into a Memorandum of Understanding (MOU) with NMHC which reversed the offset of \$1,174,500 against notes receivable from NMHC, and MPLT reestablished the liability to the CNMI. MPLT has elected to restate balances as of September 30, 2001 as follows:

	<u>As Previously Reported</u>	<u>As Restated</u>
At September 30, 2001:		
Notes receivable	\$ <u>7,921,354</u>	\$ <u>9,116,611</u>
Accrued interest income	\$ <u>501,962</u>	\$ <u>481,205</u>
Due to CNMI Government	\$ <u>-</u>	\$ <u>1,174,500</u>

(9) Subsequent Event

On February 18, 2005, MPLT entered into a settlement agreement with MPLA as full and final settlement of all past claims. MPLA will transfer \$1,000,000 to MPLT in monthly installments of \$5,000 over ten years with a balloon payment at the end of the ten-year term. The principal balance shall bear interest at the rate of 1% per annum. Management of MPLT has elected to record this receivable amount in fiscal year 2005.

MARIANAS PUBLIC LAND TRUST

SCHEDULE 1A

Schedule of Investments - General Fund
September 30, 2002

<u>Equities</u>	<u>Cost</u>	<u>Fair Value</u>
<u>Common Stock</u>		
3M Co.	\$ 400,385	\$ 373,898
American International Group, Inc.	460,487	434,865
Amgen Inc.	284,995	208,500
Bank of New York Company Inc.	252,722	218,424
Caterpillar Inc.	238,644	171,212
Citigroup, Inc.	435,543	332,080
Coca Cola Co.	619,638	503,580
Colgate Palmolive Co.	594,197	566,475
Costco Whsl Corp.	266,130	265,434
Disney (Walt) Company Holding Co.	370,440	202,876
Electronic Arts	145,214	283,628
Electronic Data Sys Corp.	241,636	71,997
Eli Lilly & Co.	288,578	237,962
Gannett Co.	179,208	173,232
Global SantaFe Corp.	171,119	129,630
Gillette Company	502,555	423,990
Johnson & Johnson	352,119	524,576
Kohls Corp.	233,185	212,835
Marriott International, Inc.	183,103	176,839
Marsh & McLennan Cos. Inc.	342,953	270,660
Masco Corporation	379,089	316,710
Medtronic Inc.	362,276	530,712
Newell Rubbermaid, Inc.	309,449	280,917
Pepsico Inc.	221,662	218,005
Pfizer Inc.	477,343	502,046
Pharmacia Corp.	280,586	256,608
Procter & Gamble Co.	486,864	625,660
Qualcomm Inc.	709,281	505,446
Schlumberger Limited	521,053	426,906
Transocean, Inc.	308,666	226,720
United Parcel Svc. Inc.	360,738	381,433
	<u>10,979,858</u>	<u>10,053,856</u>
Subtotal - Montag		
3M Co.	367,353	362,901
American Express Company	386,205	349,216
Alcoa, Inc.	238,565	173,700
Anthem, Inc.	176,744	182,000
Brunswick Corporation	176,732	176,736
Burlington Northern Sante Fe Corp.	391,134	354,016
Caterpillar Inc.	222,070	178,656
Chevrontexaco Corp.	210,303	180,050
Cigna Corp.	213,503	176,875
Citigroup Inc.	476,469	403,240
Clorox Company	170,663	176,792
Conocophillips	410,501	346,800
Delphi Corp.	105,136	68,400

See Accompanying Independent Auditors' Report.

MARIANAS PUBLIC LAND TRUST

SCHEDULE 1A

Schedule of Investments - General Fund
September 30, 2002

<u>Equities, Continued</u>	<u>Cost</u>	<u>Fair Value</u>
<u>Common Stock, Continued</u>		
Dow Chemical Company	289,272	226,673
Duke Energy Corp.	294,246	201,365
Eastman Kodak Co.	264,496	196,128
Eaton Corp.	201,157	178,472
Federal Natl. Mtg. Assn. (Fannie Mae)	246,056	184,574
General Electric Co.	487,370	352,495
General Mills, Inc.	203,272	186,564
Georgia Pacific Corp.	266,342	172,788
Hartford Finl. Svcs. Group Inc.	242,825	172,200
Honeywell Intl. Inc.	310,171	179,778
International Business Machines Corp.	314,100	174,930
ITT Inds Inc.	179,703	255,553
Kimberly-Clark Corp.	206,183	192,576
Kroger Company	346,799	194,580
Lockheed Martin Corp.	146,668	239,279
Nicor Inc.	233,894	194,580
Phillip Morris Company, Inc.	418,111	349,200
Plum Creek Timber Co.	72,774	58,786
Public Service Enterprise Group Inc.	235,235	186,050
Royal Dutch Pete Co.	449,741	373,581
SBC Communications, Inc.	455,329	233,160
Schering-Plough Corp.	250,021	181,220
Target Corp.	397,809	357,192
Textron Incorporated	464,951	371,690
Tenet Healthcare Corp.	144,016	185,625
Travelers PTY CAS Corp.	20,964	13,086
Tyco Intl. Ltd.	439,879	193,170
Wachovia Corp.	204,702	189,602
Waste Management Inc.	150,186	130,592
Wells Fargo & Co.	169,772	178,192
Subtotal - Great Lakes Advisors	<u>11,651,422</u>	<u>9,433,063</u>
Total Common Stock	<u>22,631,280</u>	<u>19,486,919</u>
Total Equities	<u>22,631,280</u>	<u>19,486,919</u>
<u>Fixed Income Securities</u>		
<u>Government Obligations</u>		
U.S. Treasury Bonds @ 7.250%, due 05/15/16	407,205	473,930
U.S. Treasury Bonds @ 7.875%, due 02/15/21	887,829	1,078,703
U.S. Treasury Bonds @ 6.625%, due 02/15/27	333,749	364,675
Total Government Obligations - Richmond	<u>1,628,783</u>	<u>1,917,308</u>

See Accompanying Independent Auditors' Report.

MARIANAS PUBLIC LAND TRUST

SCHEDULE 1A

Schedule of Investments - General Fund
September 30, 2002

<u>Fixed Income Securities, Continued</u>	<u>Cost</u>	<u>Fair Value</u>
<u>Government Agencies</u>		
Federal National Mortgage Association @ 4.000%, due 08/15/03	734,852	740,406
Federal National Mortgage Association @ 3.125%, due 11/15/03	105,824	106,706
Federal Home Loan Mortgage Corp. Deb @ 5.000%, due 01/15/04	552,298	562,613
Federal National Mortgage Association @ 5.500%, due 02/15/06	712,454	746,436
Federal Home Loan Banks Deb @ 5.125%, due 03/06/06	637,410	676,172
Federal Home Loan Mortgage Corp. Deb @ 6.625%, due 09/15/09	107,434	117,062
Federal Home Loan Mortgage Corp. @ 7.000%, due 03/15/10	371,320	412,922
Federal National Mortgage Association Deb @ 6.625%, due 11/15/10	188,145	204,203
Federal Home Loan Mortgage Corp. Pool #E20222 @ 6.500%, due 02/01/11	98,685	104,262
Federal National Mortgage Association @ 5.500%, due 09/01/16	89,608	91,974
Federal Home Loan Mortgage Corp. @ 5.500%, due 02/01/17	239,957	249,629
Federal Home Loan Mortgage Corp. @ 6.750%, due 03/15/31	143,833	150,430
Total Government Agencies - Richmond	3,981,820	4,162,815
<u>Corporate Bonds</u>		
Air Prods & Chems Inc. @ 7.375%, due 05/01/05	216,820	227,179
Alcoa Inc. @ 7.375%, due 08/01/10	65,801	71,426
Allstate Corp. @ 7.200%, due 12/01/09	143,514	173,470
American Express @ 6.750%, due 06/23/04	197,950	215,625
American General Fin. Corp. @ 5.750%, due 03/15/07	178,436	191,500
Anheuser Busch Cos Inc. @ 6.750%, due 12/15/27	99,105	116,622
Archer Daniels Midland Co. @ 7.500%, due 03/15/27	110,706	121,164
Associates Corp. @ 6.250%, due 11/01/08	92,449	110,628
Atlantic Richfield Co. Deb @ 10.875%, due 07/15/05	190,454	184,818
Banc One Corp. @ 7.600%, due 05/01/07	165,236	175,863
Bank Amer Corp. @ 7.800%, due 02/15/10	97,389	120,875
Becton Dickinson & Co. @ 7.000%, due 08/01/27	107,592	113,661
Bell South Telecommunications @ 6.375%, due 06/01/28	92,706	101,397
Bestfoods M/T/N @ 6.625%, due 04/15/28	105,567	126,899
Boeing Co. Deb @ 7.250%, due 06/15/25	90,196	107,456
Bristol Myers Squibb Co. @ 6.800%, due 11/15/26	100,773	105,786
Campbell Soup Co. @ 6.900%, due 10/15/06	56,688	62,420
Campbell Soup Co. @ 4.750%, due 10/01/03	184,114	205,010
Campbell Soup Co. @ 8.875%, due 05/01/21	92,873	94,472
Carolina Power & Lt Co. @ 5.950%, due 03/01/09	175,332	199,678
Caterpillar Finl Svcs Corp. M/T/N @ 6.875%, due 08/01/04	347,081	355,100
Chase Manhattan Corp. @ 6.375%, due 02/15/08	162,589	186,108
Chubb Corp. @ 6.800%, due 11/15/31	99,217	104,663
Coca-Cola Enterprises Inc. @ 8.500%, due 02/01/22	123,773	149,827
Commercial Cr Group Inc. @ 5.875%, due 01/15/03	128,938	136,552
Conoco Inc. USD @ 6.950%, due 04/15/29	91,623	112,966
Daimler Chrysler @ 7.200%, due 09/01/09	174,811	191,566
Deere & Co. @ 8.100%, due 05/15/30	114,902	146,071
Disney Walt Co. @ 4.875%, due 07/02/04	312,774	315,459

See Accompanying Independent Auditors' Report.

MARIANAS PUBLIC LAND TRUST

SCHEDULE 1A

Schedule of Investments - General Fund
September 30, 2002

<u>Fixed Income Securities, Continued</u>	<u>Cost</u>	<u>Fair Value</u>
<u>Corporate Bonds, Continued</u>		
Duke Energy Corp. @ 7.375%, due 03/01/10	195,332	204,322
Du Pont E I De Nemours & Co. @ 6.875%, due 10/15/09	96,161	117,629
Du Pont E I De Nemours & Co. @ 8.125%, due 03/15/04	299,471	298,656
Eaton Corp. @ 7.650%, due 11/15/29	90,500	117,726
Electronic Data Sys Corp. @ 7.450%, due 10/15/29	114,549	95,334
Emerson Elec. Co. @ 5.500%, due 09/15/08	134,882	152,454
Equitable Cos Inc. @ 7.000%, due 04/01/28	88,667	103,518
Ford Motor Cr Co. @ 7.750%, due 03/15/05	250,017	238,353
Ford Motor Cr Co. @ 7.375%, due 10/28/09	92,064	90,328
FPL Group Cap Inc. @ 7.375%, due 06/01/09	195,379	222,342
General Electric Cap. Corp. M/T/N @ 6.750%, due 03/15/32	96,737	107,255
General Motors Acceptance Corp. @ 7.750%, due 01/19/10	99,159	103,540
General Motors Acceptance Corp. @ 6.150%, due 04/05/07	89,462	96,141
Goldman Sachs Group @ 6.650%, due 05/15/09	184,829	214,839
Great Lakes Chem Corp. @ 7.000%, due 07/15/09	148,410	158,055
Hartford Financial Services Group Inc. @ 7.750%, due 06/15/05	159,985	169,105
Household Fin Corp. @ 8.000%, due 07/15/10	175,853	165,325
HSBC USA, Inc. @ 8.375%, due 02/15/07	85,201	88,880
Ingersoll Rand Co. M/T/N @ 6.510%, due 12/01/04	150,000	161,811
International Business Machines M/T/N @ 5.400%, due 10/01/08	130,164	157,484
ITT Hartford Group, Inc. @ 6.375%, due 11/01/02	146,950	150,393
Johnson & Johnson NT @ 6.730%, due 11/15/23	105,593	115,794
Key Bk Wash M/T/N @ 7.125%, due 08/15/06	105,196	113,582
Lincoln Natl Corp. Ind. @ 6.500%, due 03/15/08	84,076	99,668
MacMillan Bloedel Ltd. @ 6.750%, due 02/15/06	48,315	53,593
McDonalds Corp. M/T/N @ 5.150%, due 07/01/04	207,056	210,336
Mellon Bk N.A. @ 6.500%, due 08/01/05	165,724	171,976
Merrill Lynch & Co. Inc. @ 6.000%, due 02/17/09	220,618	260,800
Merrill Lynch & Co. Inc. @ 6.550%, due 08/01/04	20,392	21,359
Merrill Lynch & Co. Inc. @ 7.375%, due 05/15/06	72,315	78,632
Michigan Cons Gas Co. Secd M/T/N @ 6.800%, due 06/15/03	148,335	154,219
Morgan Stanley Group Inc. @ 6.875%, due 03/01/07	130,239	150,244
Nationsbank Corp. @ 7.500%, due 09/15/06	112,564	121,551
New England Tel. & Teleg. Co. @ 6.300%, due 12/16/02	253,100	252,070
Nike Inc. @ 6.375%, due 12/01/03	304,956	314,625
Norwest Corp. M/T/N @ 5.750%, due 02/01/03	236,978	253,245
NYNEX Cap FDG Co. M/T/N @ 8.750%, due 12/01/04	263,171	258,759
Phillips Pete Co. NT @ 9.375%, due 02/15/11	48,746	52,298
Southwestern Bell Telephone Co. M/T/N @ 6.550%, due 10/07/08	103,592	110,273
St. Paul Cos Inc. M/T/N @ 8.125%, due 04/15/10	59,710	68,876
St. Paul Cos Inc. M/T/N @ 7.180%, due 05/05/04	241,915	254,052
Suntrust BK Atlanta GA M/T/N @ 7.250%, due 09/15/06	106,632	114,948
Sysco Corp. Deb @ 6.500%, due 08/01/28	64,026	72,453
Texaco Cap Inc. @ 8.625%, due 04/01/32	44,594	55,874
Texaco Cap Inc. @ 6.000%, due 06/15/05	175,107	190,951
Union Camp Corp. @ 6.500%, due 11/15/07	149,626	167,408

See Accompanying Independent Auditors' Report.

MARIANAS PUBLIC LAND TRUST

SCHEDULE 1A

Schedule of Investments - General Fund
September 30, 2002

<u>Fixed Income Securities, Continued</u>	<u>Cost</u>	<u>Fair Value</u>
<u>Corporate Bonds, Continued</u>		
United Tech Corp. @ 6.500%, due 06/01/09	209,842	256,030
Wachovia Corp. @ 6.250%, due 08/04/08	100,492	111,202
Wachovia Corp. @ 5.625%, due 12/15/08	95,082	118,493
Wal Mart Stores Inc. NTS @ 6.500%, due 06/01/03	375,601	375,698
Walt Disney Co. @ 6.750%, due 03/30/06	97,694	107,771
Wells Fargo & Co. @ 6.875%, due 04/15/03	113,221	112,963
Weyerhaeuser Co. NT @ 9.050%, due 02/01/03	164,160	152,567
Wisconsin Pwr & Lt Co. @ 5.700%, due 10/15/08	97,335	117,663
Total Corporate Bonds - Richmond	<u>11,869,184</u>	<u>12,807,724</u>
Total Fixed Income Securities	<u>17,479,787</u>	<u>18,887,847</u>
Total Equities and Fixed Income Securities	<u>\$ 40,111,067</u>	<u>\$ 38,374,766</u>

See Accompanying Independent Auditors' Report.

MARIANAS PUBLIC LAND TRUST

SCHEDULE 1B

Schedule of Investments - Park Fund
September 30, 2002

<u>Equities</u>	<u>Cost</u>	<u>Fair Value</u>
<u>Common Stock</u>		
3M Co.	\$ 46,180	\$ 43,988
American International Group Inc.	48,663	53,333
Amgen Inc.	35,825	25,020
Bank of New York Company Inc.	30,317	25,866
Caterpillar Inc.	32,109	22,332
Citigroup, Inc.	55,546	40,502
Coca Cola Co.	79,242	62,348
Colgate Palmolive Co.	73,849	70,135
Costco Wsl Corp.	32,321	32,370
Disney (Walt) Company Holding Co.	50,516	25,738
Electronic Arts	13,167	32,980
Electronic Data Sys Corp.	31,888	9,087
Eli Lilly & Co.	35,404	27,670
Gannett Co., Inc.	22,431	21,654
Gillette Company	62,212	51,563
Global Santafe Corp.	22,019	15,645
Johnson & Johnson	38,210	64,896
Kohls Corp.	26,385	24,324
Marriott International Inc.	23,782	23,192
Marsh & McLennan Cos. Inc.	42,896	33,312
Masco Corporation	46,500	39,100
Medtronic, Inc.	38,077	63,180
Newell Rubbermaid, Inc.	37,285	33,957
Pepsico, Inc.	26,013	25,865
Pfizer Inc.	55,857	60,942
Pharmacia Corp.	34,310	31,104
Procter & Gamble Co.	59,219	80,442
Qualcomm Inc.	90,612	60,764
Schlumberger Limited	62,319	49,998
Transocean, Inc.	38,869	27,040
United Parcel Svc. Inc.	40,834	43,771
Subtotal - Montag	<u>1,332,857</u>	<u>1,222,118</u>
3M Co.	38,776	38,490
Alcoa, Inc.	22,792	13,510
American Express Company	44,227	38,975
Anthem, Inc.	20,079	20,670
Brunswick Corporation	23,980	23,144
Burlington Northern Santa Fe Corp.	42,409	38,272
Caterpillar Inc.	26,237	18,610
Chevrontexaco Corp.	21,732	17,313
Cigna Corp.	18,162	14,150
Citigroup Inc.	44,378	31,133
Clorox Company	25,796	26,117
Conocophillips	45,578	36,992
Delphi Corp.	13,314	7,695
Dow Chemical Company	41,663	32,772

See Accompanying Independent Auditors' Report.

MARIANAS PUBLIC LAND TRUST

SCHEDULE 1B

Schedule of Investments - Park Fund
September 30, 2002

<u>Equities, Continued</u>	<u>Cost</u>	<u>Fair Value</u>
<u>Common Stock, Continued</u>		
Duke Energy Corp.	28,571	15,640
Eastman Kodak Co.	31,006	20,430
Eaton Corp.	22,398	19,122
Federal National Mortgage Association (Fannie Mae)	55,088	38,701
General Electric Co.	51,300	33,277
General Mills, Inc.	22,731	19,989
Georgia Pacific Corp.	22,488	10,472
Hartford Finl Svcs. Group Inc.	26,297	16,400
Honeywell Intl. Inc.	44,844	25,992
International Business Machines Corp.	47,115	26,239
ITT Inds Inc.	26,298	37,398
Kimberly-Clark Corp.	25,394	22,656
Kroger Company	50,196	28,200
Lockheed Martin Corp.	23,784	38,802
Nicor Inc.	27,612	21,150
Phillip Morris Co.	42,408	34,920
Plum Creek Timber Co.	11,196	9,044
Public Service Enterprise Group Inc.	24,865	16,775
Royal Dutch Pete Co.	47,177	36,153
SBC Communications Inc.	57,031	26,130
Schering-Plough Corp.	28,286	17,056
Target Corp.	38,503	33,948
Tenet Healthcare Corp.	23,043	29,700
Textron Incorporated	43,818	30,690
Travelers PPTY CAS Corp.	3,019	1,852
Tyco Intl. Ltd.	55,226	18,330
Wachovia Corp.	17,838	16,345
Waste Management Inc.	12,001	9,328
Wells Fargo & Co.	22,705	24,080
Subtotal - Great Lakes Advisors	<u>1,361,361</u>	<u>1,036,662</u>
Total Common Stock	<u>2,694,218</u>	<u>2,258,780</u>
Total Equities	<u>2,694,218</u>	<u>2,258,780</u>
<u>Fixed Income Securities</u>		
<u>Government Obligations</u>		
U.S. Treasury Bonds @ 7.250%, due 05/15/16	48,872	58,430
U.S. Treasury Bonds @ 7.875%, due 02/15/21	188,319	229,659
U.S. Treasury Bonds @ 7.125%, due 02/15/23	13,002	13,063
U.S. Treasury Bonds @ 6.625%, due 02/15/27	92,069	100,600
Total Government Obligations - Richmond	<u>342,262</u>	<u>401,752</u>
<u>Government Agencies</u>		
Federal National Mortgage Association @ 4.000%, due 08/15/03	81,062	81,700
Federal National Mortgage Association @ 3.125%, due 11/15/03	30,236	30,488

See Accompanying Independent Auditors' Report.

MARIANAS PUBLIC LAND TRUST

SCHEDULE 1B

Schedule of Investments - Park Fund
September 30, 2002

<u>Fixed Income Securities, Continued</u>	<u>Cost</u>	<u>Fair Value</u>
<u>Government Agencies, Continued</u>		
Federal Home Ln Bks Deb @ 5.375%, due 01/05/04	201,716	209,313
Federal Home Loan Mortgage Corp. Deb @ 5.000%, due 01/15/04	138,075	140,653
Federal Home Loan Mortgage Corp. @ 3.750%, due 04/15/04	30,841	30,834
Federal Home Ln Bks Deb @ 5.125%, due 03/06/06	61,624	64,912
Federal Home Loan Mortgage Corp. Deb @ 6.625%, due 09/15/09	15,694	17,559
Federal National Mortgage Association Deb @ 6.625%, due 11/15/10	69,380	75,847
Federal Home Loan Mortgage Corp. Pool #E63380 @ 6.500%, due 03/01/11	13,969	14,753
Federal Home Loan Mortgage Corp. @ 5.750%, due 01/15/12	48,653	49,964
Federal National Mortgage Association @ 5.500%, due 09/01/16	13,441	13,796
Federal Home Loan Mortgage Corp. @ 5.500%, due 02/01/17	37,640	39,158
Total Government Agencies - Richmond	<u>742,331</u>	<u>768,977</u>
<u>Corporate Bonds</u>		
Air Prods & Chems Inc. @ 7.375%, due 05/01/05	10,390	11,082
Alcoa Inc. @ 7.375%, due 08/01/10	10,967	11,904
Allstate Corp. @ 7.200%, due 12/01/09	53,820	64,762
American Express @ 6.750%, due 06/23/04	9,982	10,781
American Gen Corp. NT @ 7.750%, due 04/01/05	16,467	16,892
American Gen. Fin. Corp. @ 5.750%, due 03/15/07	24,783	26,597
Anheuser Busch Cos. Inc. @ 6.750%, due 12/15/27	19,961	23,324
Archer Daniels Midland Co. @ 7.500%, due 03/15/27	16,606	18,175
Associates Corp. N A @ 6.200%, due 05/16/05	19,945	21,612
Associates Corp. N A @ 6.250%, due 11/01/08	32,479	38,720
Atlantic Richfield Co. DEB @ 10.875%, due 07/15/05	31,742	30,803
Banc One Corp. @ 7.600%, due 05/01/07	49,571	52,759
Becton Dickinson & Co. @ 7.000%, due 08/01/27	16,139	17,049
Bell South Telecommunications @ 6.375%, due 06/01/28	22,782	25,349
Bestfoods M/T/N @ 6.625%, due 04/15/28	13,602	16,552
Boeing Co. Deb @ 7.250%, due 06/15/25	13,529	16,118
Bristol Myers Squibb Co. @ 6.800%, due 11/15/26	15,912	16,703
Campbell Soup Co. @ 4.750%, due 10/01/03	33,553	35,877
Campbell Soup Co. @ 6.900%, due 10/15/06	26,262	28,373
Campbell Soup Co. @ 8.875%, due 05/01/21	6,634	6,748
Carolina Power & Lt Co. @ 5.950%, due 03/01/09	23,070	26,273
Caterpillar Finl Svcs Corp. M/T/N @ 6.875%, due 08/01/04	34,153	37,662
Central Fid Bks Inc. Sub. NTS @ 8.150%, due 11/15/02	32,316	30,219
Chase Manhattan Corp. @ 6.375%, due 02/15/08	57,406	65,685
Chubb Corp. @ 6.600%, due 08/15/18	15,243	15,483
Chubb Corp. @ 6.800%, due 11/15/31	4,961	5,233
Coca Cola Enterprises Inc. @ 8.500%, due 02/01/22	16,144	19,543
Conoco Inc. @ 6.950%, due 04/15/29	9,162	11,297
Corestates Cap Corp. @ 5.875%, due 10/15/03	33,061	36,424
Daimler Chrysler @ 7.200%, due 09/01/09	19,978	21,893
Deere & Co. @ 8.100%, due 05/15/30	14,987	19,053
Disney Walt Co. @ 4.875%, due 07/02/04	95,850	96,673
Dover Corp. @ 6.650%, due 06/01/28	15,565	16,371

See Accompanying Independent Auditors' Report.

MARIANAS PUBLIC LAND TRUST

SCHEDULE 1B

Schedule of Investments - Park Fund
September 30, 2002

<u>Fixed Income Securities, Continued</u>	<u>Cost</u>	<u>Fair Value</u>
<u>Corporate Bonds, Continued</u>		
Duke Energy Corp. @ 7.375%, due 03/01/10	5,426	5,676
Du Pont E I De Nemours & Co. @ 6.875%, due 10/15/09	19,232	23,526
Du Pont E I De Nemours & Co. @ 8.125%, due 03/15/04	37,512	38,011
Eaton Corp. @ 7.650%, due 11/15/29	18,100	23,545
Electronic Data Sys Corp. @ 7.450%, due 10/15/29	14,941	12,435
Emerson Elec. Co. @ 5.500%, due 09/15/08	33,852	38,114
Equitable Cos Inc. @ 7.000%, due 04/01/28	17,733	20,704
Ford Motor Cr Co. @ 7.750%, due 03/15/05	47,875	45,642
FPL Group Cap Inc. @ 7.375%, due 06/01/09	34,150	38,910
General Elec Cap Corp. M/T/N @ 7.250%, due 05/03/04	37,752	37,783
General Elec Cap Corp. M/T/N @ 6.750%, due 03/15/32	9,674	10,726
General Mtrs Accep Corp @ 7.750%, due 01/19/10	19,832	20,708
General Motors Acceptance Co. @ 7.750%, due 05/15/09	9,417	10,120
Goldman Sachs Group @ 6.650%, due 05/15/09	33,144	38,561
Great Lakes Chem Corp @ 7.000%, due 07/15/09	19,788	21,074
Hartford Finl Svcs Group Inc. @ 7.750%, due 06/15/05	31,997	33,821
Hartford Life Inc. @ 6.900%, due 06/15/04	19,991	21,287
Household Fin Corp. @ 8.000%, due 07/15/10	21,982	20,666
Household Finance Corp. @ 6.400%, due 06/17/08	15,104	14,747
HSBC USA, Inc. @ 8.375%, due 02/15/07	5,680	5,925
Ingersoll Rand Co. M/T/N @ 6.510%, due 12/01/04	25,000	26,969
ITT Hartford Group, Inc. @ 6.375%, due 11/01/02	44,085	45,118
Johnson & Johnson NT @ 6.730%, due 11/15/23	20,388	23,159
Key Bk Wash M/T/N @ 7.125%, due 08/15/06	26,299	28,396
Lincoln Natl Corp. Ind. @ 6.500%, due 03/15/08	18,684	22,148
MacMillan Bloedel Ltd. @ 6.750%, due 02/15/06	9,663	10,719
McDonnell Douglas Fin Corp. M/T/N @ 6.450%, due 12/05/02	15,316	15,100
McDonnell Corp. M/T/N @ 5.150%, due 07/01/04	77,646	78,876
Merrill Lynch & Co. Inc. @ 6.000%, due 02/17/09	31,591	37,257
Merrill Lynch & Co. Inc. @ 7.375%, due 05/15/06	10,331	11,233
Michigan Cons Gas Co. Secd M/T/N @ 6.800%, due 06/15/03	24,722	25,703
Morgan Stanley Group Inc. @ 6.875%, due 03/01/07	48,236	55,646
Nationsbank Corp. @ 7.625%, due 04/15/05	68,266	72,511
New York Telephone @ 6.000%, due 04/15/08	4,630	5,192
Nike Inc. @ 6.375%, due 12/01/03	10,165	10,487
Norwest Finl Inc. @ 7.200%, due 04/01/04	15,584	16,076
Norwest Corp. M/T/N @ 5.750%, due 02/01/03	23,698	25,324
NYNEX Cap. FDG Co. M/T/N @ 8.750%, due 12/01/04	40,048	39,376
Phillips Pete Co. NT @ 9.375%, due 02/15/11	12,187	13,075
Procter & Gamble Co. @ 6.450%, due 01/15/26	21,105	28,237
Rockwell Intl Corp. @ 6.625%, due 06/01/05	9,899	10,916
Salomon Smith Barney Hlds Inc. @ 6.375%, due 10/01/04	9,907	10,718
Southwestern Bell Telephone Co. M/T/N @ 6.550%, due 10/07/08	46,878	49,623
St. Paul Cos Inc. @ 8.125%, due 04/15/10	29,855	34,438
Suntrust Bk Atlanta GA M/T/N @ 7.250%, due 09/15/06	31,990	34,484
Sysco Corp. Deb @ 6.500%, due 08/01/28	14,181	16,720
Texaco CAP Inc. @ 6.000%, due 06/15/05	30,018	32,735
Texaco CAP Inc. @ 8.625%, due 04/01/32	11,148	13,969

See Accompanying Independent Auditors' Report.

MARIANAS PUBLIC LAND TRUST

SCHEDULE 1B

Schedule of Investments - Park Fund
September 30, 2002

<u>Fixed Income Securities, Continued</u>	<u>Cost</u>	<u>Fair Value</u>
<u>Corporate Bonds, Continued</u>		
Union Camp Corp. @ 6.500%, due 11/15/07	24,938	27,901
United Tech Corp. @ 6.500%, due 06/01/09	37,403	45,516
Wal-Mart Stores @ 6.875%, due 08/10/09	14,941	17,701
Wachovia Corp. New @ 6.250%, due 08/04/08	15,074	16,680
Wachovia Corp. New @ 5.625%, due 12/15/08	12,966	16,158
Wells Fargo Finl Inc. @ 7.250%, due 07/14/03	84,775	88,532
Weyerhaeuser Co. @ 9.050%, due 02/01/03	27,360	25,428
Wisconsin Pwr & Lt Co. @ 5.700%, due 10/15/08	30,970	37,438
Total Corporate Bonds - Richmond	<u>2,250,151</u>	<u>2,443,529</u>
Total Fixed Income Securities	<u>3,334,744</u>	<u>3,614,258</u>
Total Equities and Fixed Income Securities	<u>\$ 6,028,962</u>	<u>\$ 5,873,038</u>

See Accompanying Independent Auditors' Report.

Schedule of Administrative Expenses
Compared to Budget
Year Ended September 30, 2002

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Money manager fees	\$ 203,350	\$ 202,297	\$ 1,053
Money management administration	146,750	146,753	(3)
Contract services	120,800	121,879	(1,079)
Consultancy fees	102,850	102,720	130
Trustees' expenses	69,800	70,817	(1,017)
Professional fees	47,800	35,381	12,419
Office supplies	19,900	21,697	(1,797)
Rent and utilities	14,120	13,980	140
Annual report preparation	12,000	11,685	315
Salaries and benefits	11,520	11,464	56
Depreciation	-	7,235	(7,235)
Audit	5,500	5,500	-
Document management system	650	546	104
	<u>\$ 755,040</u>	<u>\$ 751,954</u>	<u>\$ 3,086</u>
Total	<u>\$ 755,040</u>	<u>\$ 751,954</u>	<u>\$ 3,086</u>

See Accompanying Independent Auditors' Report.

MARIANAS PUBLIC LAND TRUST
(NONEXPENDABLE TRUST FUNDS)

INDEPENDENT AUDITORS' REPORT ON
INTERNAL CONTROL AND ON COMPLIANCE

YEAR ENDED SEPTEMBER 30, 2002

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND COMPLIANCE AND OTHER MATTERS
BASED UPON THE AUDIT PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS

Board of Trustees
Marianas Public Land Trust:

We have audited the financial statements of the Marianas Public Land Trust (MPLT) as of and for the year ended September 30, 2002, and have issued our report thereon dated October 5, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered MPLT's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. 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 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 the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether MPLT's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management and the Board of Trustees and is not intended to be and should not be used by anyone other than these specified parties.

Deloitte + Touche LLC

October 5, 2005

MARIANAS PUBLIC LAND TRUST

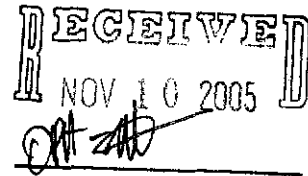
Unresolved Prior Year Comments
Year Ended September 30, 2002

There are no unresolved findings from prior year audits of MPLT.

Deloitte.

Deloitte & Touche
P.O. Box 500308
Saipan, MP 96950-0308
Tel: (670) 322-7337/0860/0861
Fax: (670) 322-7340
www.deloitte.com

November 10, 2005



Mr. Michael S. Sablan
Public Auditor
Office of the Public Auditor
P.O. Box 501399
Saipan, MP 96950-1399

Dear Mr. Sablan:

Enclosed please find five (5) bound and one (1) unbound copy of the audit of financial statements of the Marianas Public Land Trust for the year ended September 30, 2002.

Please acknowledge receipt by signing and returning to us the attached copy of this letter.

Very truly yours,

A handwritten signature in black ink that reads "Michael S. Johnson".

Michael S. Johnson
Managing Partner, Saipan

Received by: _____ Date: _____

Mike
Dave
del
file