

MARIANAS PUBLIC LAND TRUST

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT

YEARS ENDED SEPTEMBER 30, 2004 AND 2003

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, 2004 and 2003, 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, 2004 and 2003, 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.

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 the Governmental Accounting Standards Board. 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 22 through 37 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 2004 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 & Touche LLC

October 5, 2005



Management's Discussion and Analysis Year Ended September 30, 2004

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, 2004. 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, 2004 and 2003.

- The assets of the Trust grew during 2004 by \$4,689,644 over the amount at 2003. This growth was due to the continued stock market recovery that began in 2003, reversing the decline occurring in years 2002 and 2001.
- Total liabilities increased as of 2004 by \$382,677 due primarily to increased amount due to brokers from year-end trades and reduction of accounts payable and the 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 an increase of \$4,306,967 at 2004 in the total net assets. This increase from 2003 was primarily in the principal fund balance due to the financial market recovery, which increased the value of the 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 continued recovery of the equity markets during 2004, the Trust experienced net revenues amounting to \$6,163,935. The fair value of investments increased by \$3,744,157 as the U.S. equity markets continues its recovery.

- The overall administrative costs declined in 2004 by 18%. This was due primarily to decreasing costs for attending fiduciary and investment related workshops, legal costs, other professional services, and trustee fees and expenses. Salaries and benefits increased due having two full-time staff for a full year plus increases to their base salary.

MPLT General Fund Operations

The Board of Trustees has been continuing to seek guidance as to the extent of their authority to make local investments to benefit Northern Marianas descent. The Supreme Court has been asked to provide guidance on various matters relating to interpretation of the Constitution, but to date we have not received a response.

The Board of Trustees is continuing to accept proposals through its “economically targeted investment” (ETI) program, but this is subject to meeting prudent asset allocation standards to ensure diversification of our investment portfolio. It is through diversification that risk is managed. The Board also has to ensure the stability of the local investment to meet collateral and ability to repay standards.

Currently, the Trust is managing its Rota scholarship parent/student loan program that was started in 2002 on a trial basis. Additionally, in 1998, the Trust commenced a loan program to NMHC to provide them with the funds to be able to make long term mortgage financing available. 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
2003	764,713
2004	766,808
	<hr/>
Total	<u>\$ 3,694,775</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.

No new ETI investments have been made in 2004.

Condensed Financial Statement Summaries

Statement of Net Assets

<u>Assets</u>	<u>2004</u>	<u>2003</u>	<u>Net Change</u>
Current assets	\$ 3,069,473	\$ 2,128,096	\$ 941,377
Investments	44,484,108	40,843,158	3,640,950
Notes receivable - non-current portion	9,129,755	9,140,417	(10,662)
Capital assets	30,330	20,447	9,883
Total	<u>\$ 56,713,666</u>	<u>\$ 52,132,118</u>	<u>\$ 4,581,548</u>

Liabilities and Net Assets

Current liabilities	<u>\$ 599,498</u>	<u>\$ 181,142</u>	<u>\$ 418,356</u>
Invested in capital assets	30,330	20,447	9,883
Restricted principal	<u>56,083,838</u>	<u>51,930,529</u>	<u>4,153,309</u>
Net assets	<u>56,114,168</u>	<u>51,950,976</u>	<u>4,163,192</u>
Total	<u>\$ 56,713,666</u>	<u>\$ 52,132,118</u>	<u>\$ 4,581,548</u>

Statement of Revenues, Expenses and Changes in Net Assets

	<u>2004</u>	<u>2003</u>	<u>Net Change</u>
Operating revenues	\$ 5,538,744	\$ 5,210,084	\$ 328,660
Operating expenses	833,572	1,048,456	(214,884)
Operating transfers	<u>(541,980)</u>	<u>(441,426)</u>	<u>(100,554)</u>
Change in net assets	4,163,192	3,720,202	442,990
Beginning net assets	<u>51,950,976</u>	<u>48,230,774</u>	<u>3,720,202</u>
Ending net assets	<u>\$ 56,114,168</u>	<u>\$ 51,950,976</u>	<u>\$ 4,163,192</u>

Goals and Objectives

MPLT is pursuing its litigation with MPLA in order to determine the amount that may be due to MPLT. No distributions have been received since 1991, which appears to be contrary to the intent of the Constitution. In August 2003, the Judge stayed all proceedings in the case by ordering the parties to mediate the dispute and provide a settlement plan to the Court. MPLT and MPLA commenced a mediation process on April 22, 2004 and continued settlement negotiations throughout the remainder of the fiscal year. A settlement agreement was reached on February 18, 2005, which has been presented to the Court for approval. The Court has taken no action.

It is the intent of MPLT to continue to monitor its investment portfolio to ensure an adequate risk-adjusted rate of return is achieved. This is the phase of the Five-Step Investment Management Process that MPLT is currently performing. This involves periodic rebalancing of the portfolio to comply with its asset allocation investment policy. Occasionally, the Board may find it necessary or desirable to add additional asset classes, which require amendment of its Investment Policy Statement. It is MPLT's fiduciary duty to continue to follow the well-established prudent investment management practices.

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 \$6,888,654. This has been accomplished while distributing \$3,499,054 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>2004</u>	<u>2003</u>	<u>Net Change</u>
Current assets	\$ 846,291	\$ 1,096,085	\$ (249,794)
Investments	4,649,918	4,202,928	446,990
Notes receivable - non-current portion	1,808,043	1,897,143	(89,100)
Total	<u>\$ 7,304,252</u>	<u>\$ 7,196,156</u>	<u>\$ 108,096</u>
 <u>Liabilities and Net Assets</u>			
Current liabilities	\$ 157,487	\$ 193,166	\$ (35,679)
Restricted principal	6,888,654	6,540,880	347,774
Restricted income	258,111	462,110	(203,999)
Net assets	<u>7,146,765</u>	<u>7,002,990</u>	<u>143,775</u>
Total	<u>\$ 7,304,252</u>	<u>\$ 7,196,156</u>	<u>\$ 108,096</u>

Statement of Revenues, Expenses and Changes in Net Assets

	<u>2004</u>	<u>2003</u>	<u>Net Change</u>
Operating revenues	\$ 625,191	\$ 618,511	\$ 6,680
Operating expenses	94,297	85,446	8,851
Operating transfers	(387,119)	(165,294)	(221,825)
Change in net assets	143,775	367,771	(223,996)
Beginning net assets	7,002,990	6,635,219	367,771
Ending net assets	<u>\$ 7,146,765</u>	<u>\$ 7,002,990</u>	<u>\$ 143,775</u>

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, 2004 and 2003
(With Combining Information as of September 30, 2004)

ASSETS	General	Park	Totals	
	Fund	Fund	2004	2003
Current assets:				
Cash and cash equivalents	\$ 1,951,625	\$ 692,985	\$ 2,644,610	\$ 2,160,510
Receivables:				
Notes	10,662	89,100	99,762	89,356
Accrued income	762,341	29,183	791,524	612,207
Commissions rebate	-	-	-	2,069
Other	139,866	-	139,866	5,702
Due from CNMI Government	7,193	-	7,193	172,134
Due from other funds	88,513	-	88,513	182,203
Due from brokers	104,647	35,023	139,670	-
Prepaid expense	4,626	-	4,626	-
Total current assets	<u>3,069,473</u>	<u>846,291</u>	<u>3,915,764</u>	<u>3,224,181</u>
Other assets, restricted:				
Investments	<u>44,484,108</u>	<u>4,649,918</u>	<u>49,134,026</u>	<u>45,046,086</u>
Total other assets, restricted	<u>44,484,108</u>	<u>4,649,918</u>	<u>49,134,026</u>	<u>45,046,086</u>
Noncurrent assets:				
Notes receivable, net of current portion	9,129,755	1,808,043	10,937,798	11,037,560
Capital assets (net of accumulated depreciation)	<u>30,330</u>	<u>-</u>	<u>30,330</u>	<u>20,447</u>
Total noncurrent assets	<u>9,160,085</u>	<u>1,808,043</u>	<u>10,968,128</u>	<u>11,058,007</u>
	<u>\$ 56,713,666</u>	<u>\$ 7,304,252</u>	<u>\$ 64,017,918</u>	<u>\$ 59,328,274</u>
<u>LIABILITIES AND NET ASSETS</u>				
Current liabilities:				
Accounts payable	\$ 61,767	\$ 3,727	\$ 65,494	\$ 100,781
Due to other funds	-	88,513	88,513	182,203
Payable to brokers	532,407	54,280	586,687	87,626
Due to CNMI Government	-	10,967	10,967	-
Accrued expenses	<u>5,324</u>	<u>-</u>	<u>5,324</u>	<u>3,698</u>
Total liabilities	<u>599,498</u>	<u>157,487</u>	<u>756,985</u>	<u>374,308</u>
Commitments				
Net assets:				
Investment in capital assets	30,330	-	30,330	20,447
Restricted:				
Principal	56,083,838	6,888,654	62,972,492	58,471,409
Income	<u>-</u>	<u>258,111</u>	<u>258,111</u>	<u>462,110</u>
Total net assets	<u>56,114,168</u>	<u>7,146,765</u>	<u>63,260,933</u>	<u>58,953,966</u>
	<u>\$ 56,713,666</u>	<u>\$ 7,304,252</u>	<u>\$ 64,017,918</u>	<u>\$ 59,328,274</u>

See accompanying notes to financial statements.

MARIANAS PUBLIC LAND TRUST

Statements of Revenues, Expenses and Changes in Net Assets
 Years Ended September 30, 2004 and 2003
 (With Combining Information for the Year Ended September 30, 2004)

	General	Park	Totals	
	Fund	Fund	2004	2003
Operating revenues:				
Net increase in the fair value of investments	\$ 3,396,384	\$ 347,773	\$ 3,744,157	\$ 3,312,645
Interest income	1,667,762	227,614	1,895,376	2,008,340
Dividend income	474,598	49,804	524,402	507,610
Total operating revenues	<u>5,538,744</u>	<u>625,191</u>	<u>6,163,935</u>	<u>5,828,595</u>
Operating expenses:				
Money manager fees	170,433	26,649	197,082	193,949
Contract services	131,006	16,192	147,198	147,064
Trustees' expenses	128,909	10,164	139,073	153,730
Professional fees	132,788	3,773	136,561	215,905
Money management administration	116,888	14,447	131,335	220,678
Salaries and benefits	58,096	7,180	65,276	43,571
Consultancy fees	44,571	10,709	55,280	97,887
Office supplies	25,717	3,122	28,839	22,664
Rent and utilities	13,055	1,614	14,669	14,667
Depreciation	8,490	-	8,490	8,904
Audit	2,670	330	3,000	4,750
Annual report preparation	949	117	1,066	7,736
Document management system	-	-	-	2,397
Total operating expenses	<u>833,572</u>	<u>94,297</u>	<u>927,869</u>	<u>1,133,902</u>
Operating income	<u>4,705,172</u>	<u>530,894</u>	<u>5,236,066</u>	<u>4,694,693</u>
Operating transfers:				
Transfers in	766,808	-	766,808	764,713
Transfers out	(1,308,788)	(387,119)	(1,695,907)	(1,371,433)
Total operating transfers	<u>(541,980)</u>	<u>(387,119)</u>	<u>(929,099)</u>	<u>(606,720)</u>
Change in net assets	4,163,192	143,775	4,306,967	4,087,973
Net assets at beginning of year	51,950,976	7,002,990	58,953,966	54,865,993
Net assets at end of year	<u>\$ 56,114,168</u>	<u>\$ 7,146,765</u>	<u>\$ 63,260,933</u>	<u>\$ 58,953,966</u>

See accompanying notes to financial statements.

MARIANAS PUBLIC LAND TRUST

Statements of Cash Flows
 Years Ended September 30, 2004 and 2003
 (With Combining Information for the Year Ended September 30, 2004)

	General	Park	Totals	
	Fund	Fund	2004	2003
Cash flows from operating activities:				
Cash received from operations	\$ 1,284,925	\$ 444,332	\$ 1,729,257	\$ 504,667
Cash payments to suppliers for goods and services	(770,409)	(176,289)	(946,698)	(1,138,839)
Net cash provided by (used for) operating activities	514,516	268,043	782,559	(634,172)
Cash flows from noncapital financing activities:				
Net operating transfers out	-	(387,119)	(387,119)	(165,294)
Net cash used for noncapital financing activities	-	(387,119)	(387,119)	(165,294)
Cash flows from capital and related financing activities:				
Acquisition of property and equipment	(18,830)	-	(18,830)	(7,635)
Deletions of property and equipment, net	457	-	457	-
Net cash used for capital and related financing activities	(18,373)	-	(18,373)	(7,635)
Cash flows from investing activities:				
Net decrease (increase) in notes receivable	6,866	82,490	89,356	(2,130,293)
Net investment additions	(3,290,998)	(435,482)	(3,726,480)	(979,124)
Net increase in the fair value of investments	3,396,384	347,773	3,744,157	3,312,645
Net cash provided by (used for) investing activities	112,252	(5,219)	107,033	203,228
Net increase (decrease) in cash and cash equivalents	608,395	(124,295)	484,100	(603,873)
Cash and cash equivalents at beginning of year	1,343,230	817,280	2,160,510	2,764,383
Cash and cash equivalents at end of year	\$ 1,951,625	\$ 692,985	\$ 2,644,610	\$ 2,160,510
Reconciliation of operating income to net cash provided by (used for) operating activities:				
Operating income	\$ 4,705,172	\$ 530,894	\$ 5,236,066	\$ 4,694,693
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:				
Net increase in the fair value of investments	(3,396,384)	(347,774)	(3,744,158)	(3,312,645)
Depreciation	8,490	-	8,490	8,904
(Increase) decrease in assets:				
Receivable - accrued income	(720,776)	(521)	(721,297)	(710,715)
Due from CNMI Government	(2,495)	167,436	164,941	(120,417)
Due from other funds	93,690	-	93,690	(178,671)
Other receivable	(134,164)	-	(134,164)	(5,651)
Prepaid expense	(4,626)	-	(4,626)	-
Increase (decrease) in liabilities:				
Accounts payable	(36,017)	730	(35,287)	(16,655)
Due to other funds	-	(93,690)	(93,690)	178,671
Due to CNMI Government	-	10,968	10,968	(1,174,500)
Accrued expenses	1,626	-	1,626	2,814
Net cash provided by (used for) operating activities	\$ 514,516	\$ 268,043	\$ 782,559	\$ (634,172)

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 \$541,980 and \$441,426 for the years ended September 30, 2004 and 2003, respectively, as repayment of NMHC's loan.

Decrease in receivable - accrued income	\$ (541,980)	\$ -	\$ (541,980)	\$ (441,426)
Increase in operating transfers out	541,980	-	541,980	441,426
	\$ -	\$ -	\$ -	\$ -

See accompanying notes to financial statements.

MARIANAS PUBLIC LAND TRUST

Notes to Financial Statements
September 30, 2004 and 2003

(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, 2004 and 2003

(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, 2004 and 2003, total cash and cash equivalents were \$2,644,610 and \$2,160,510, respectively. Corresponding bank balances were \$142,841 and \$289,808, respectively. Of the bank balance amount, \$142,841 and \$289,808 are maintained in financial institutions subject to Federal Deposit Insurance Corporation (FDIC) insurance as of September 30, 2004 and 2003, respectively. Bank deposits in the amount of \$100,000 were FDIC insured as of September 30, 2004 and 2003.

	<u>2004</u>	<u>2003</u>
Custodian money market sweep deposits	\$ 2,501,769	\$ 1,870,702
Deposits with federally insured banks	<u>142,841</u>	<u>289,808</u>
	<u>\$ 2,644,610</u>	<u>\$ 2,160,510</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, 2004 and 2003

(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 six 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, 2004 and 2003

(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, 2004 and 2003

(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, 2004 and 2003

(2) Summary of Significant Accounting Policies, Continued

Investments, Continued

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

	General Fund			Park Fund		
	Lower Limit	Strategic Allocation	Upper Limit	Lower Limit	Strategic Allocation	Upper Limit
Domestic Equities:						
Large Cap	30.0%	35.0%	40.0%	30.0%	35.0%	40.0%
<i>Value</i>	12.5%	17.5%	22.5%	12.5%	17.5%	22.5%
<i>Growth</i>	12.5%	17.5%	22.5%	12.5%	17.5%	22.5%
Small/Mid Cap						
<i>Core</i>	5.0%	10.0%	15.0%	5.0%	10.0%	15.0%
Non U.S. Equities:						
<i>Core</i>	5.0%	10.0%	15.0%	5.0%	10.0%	15.0%
Domestic Fixed Income:						
<i>Core</i>	40.0%	45.0%	50.0%	40.0%	45.0%	55.0%
<i>ETI - Local Loans</i>	25.0%	30.0%	35.0%	25.0%	30.0%	55.0%
	10.0%	15.0%	20.0%	0.0%	15.0%	25.0%

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).

MPLT values its investments at fair value in accordance with GASB Statement 31. MPLT's investments as of September 30, 2004 and 2003 (with combining information as of September 30, 2004) is as follows:

	General Fund	Park Fund	2004	2003
<u>Equities:</u>				
Common stock	\$ 29,746,295	\$ 2,872,132	\$ 32,618,427	\$ 25,378,123
<u>Fixed Income Securities:</u>				
Mortgage and asset backed securities	1,270,541	140,516	1,411,057	-
Corporate bonds	9,434,259	1,201,547	10,635,806	12,359,026
Government obligations	702,984	95,091	798,075	1,855,512
Government agencies	<u>3,330,029</u>	<u>340,632</u>	<u>3,670,661</u>	<u>5,453,425</u>
	\$ <u>44,484,108</u>	\$ <u>4,649,918</u>	\$ <u>49,134,026</u>	\$ <u>45,046,086</u>

MARIANAS PUBLIC LAND TRUST

Notes to Financial Statements
September 30, 2004 and 2003

(2) Summary of Significant Accounting Policies, Continued

Investments, Continued

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

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, 2004, MPLT has not evaluated the financial statement impact of GASB Statement Nos. 40, 42 and 46.

Net Assets

GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, has required MPLT to establish net asset categories as follows:

- . Investment in capital assets: capital assets, net of accumulated depreciation.
- . Restricted: net assets subject to externally imposed stipulations that can be fulfilled by actions pursuant to those stipulations or that expire by the passage of time. MPLT has net assets restricted for principal and income.
- . Unrestricted: net assets that are not subject to externally imposed stipulations. As MPLT considers all assets except investments in capital assets, to be restricted, MPLT does not have unrestricted net assets at September 30, 2004 and 2003.

MARIANAS PUBLIC LAND TRUST

Notes to Financial Statements
September 30, 2004 and 2003

(3) Notes Receivable

	<u>2004</u>	<u>2003</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.	\$ 8,996,623	\$ 8,996,623
Note receivable from Adelantun Publickun Luta Enteramente, Incorporated (APLE 501, Inc.), bearing interest at 5% per annum, due on October 18, 2017, with monthly principal and interest payments in the amount of \$1,225, collateralized by a loan portfolio. Proceeds are to be used to fund an independently administered individual or parent-student loan program.	143,794	150,660
Note receivable from the Commonwealth Development Authority, bearing interest at 6.5% per annum, due on June 1, 2018, collateralized by future distributable net income for the maintenance and development of the American Memorial Park and is to be repaid from earnings of the investments pursuant to CNMI Public Law 11-72.	<u>1,897,143</u>	<u>1,979,633</u>
	<u>\$ 11,037,560</u>	<u>\$ 11,126,916</u>

At September 30, 2004, principal and interest repayments of the note receivable for the following years ending September 30, are as follows:

<u>Year ending September 30,</u>	<u>Principal Amount</u>	<u>Interest</u>
2005	\$ 99,762	\$ 891,703
2006	103,332	886,225
2007	109,753	879,426
2008	116,496	872,213
2009	9,561	867,642
2010 - 2014	55,662	4,330,353
2015 - 2018	<u>10,542,994</u>	<u>1,474,969</u>
	<u>\$ 11,037,560</u>	<u>\$ 10,202,531</u>

MARIANAS PUBLIC LAND TRUST

Notes to Financial Statements
September 30, 2004 and 2003

(4) Capital Assets

A summary of capital assets as of September 30, 2004 and 2003, is as follows:

	<u>Estimated Useful Lives</u>	<u>Balance at October 1, 2003</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at September 30, 2004</u>
Furniture, fixtures and equipment	3 - 10 years	\$ 76,196	\$ 2,235	\$ (6,013)	\$ 72,418
Vehicle	3 - 10 years	<u>-</u>	<u>16,595</u>	<u>-</u>	<u>16,595</u>
		76,196	18,830	(6,013)	89,013
Less accumulated depreciation		<u>(55,749)</u>	<u>(8,490)</u>	<u>5,556</u>	<u>(58,683)</u>
		\$ <u>20,447</u>	\$ <u>10,340</u>	\$ <u>(457)</u>	\$ <u>30,330</u>
	<u>Estimated Useful Lives</u>	<u>Balance at October 1, 2002</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at September 30, 2003</u>
Furniture, fixtures and equipment	3 - 10 years	\$ 68,561	\$ 7,635	\$ -	\$ 76,196
Less accumulated depreciation		<u>(46,845)</u>	<u>(8,904)</u>	<u>-</u>	<u>(55,749)</u>
		\$ <u>21,716</u>	\$ <u>(1,269)</u>	\$ <u>-</u>	\$ <u>20,447</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, 2004 and 2003, is summarized as follows:

	<u>Principal</u>	<u>Income</u>	<u>2004</u>	<u>2003</u>
<u>General Fund</u>				
Balance at beginning of year	\$ 51,930,529	\$ -	\$ 51,930,529	\$ 48,209,057
Net increase in the fair value of investments	3,396,384	-	3,396,384	2,955,539
Other operating net income	(9,883)	1,308,788	1,298,905	1,207,359
Transfers	<u>766,808</u>	<u>(1,308,788)</u>	<u>(541,980)</u>	<u>(441,426)</u>
Balance at end of year	\$ <u>56,083,838</u>	\$ <u>-</u>	\$ <u>56,083,838</u>	\$ <u>51,930,529</u>
<u>Park Fund</u>				
Balance at beginning of year	\$ 6,540,880	\$ 462,110	\$ 7,002,990	\$ 6,635,220
Net increase in the fair value of investments	347,773	-	347,773	357,106
Other operating net income	1	183,120	183,121	175,958
Transfers	<u>-</u>	<u>(387,119)</u>	<u>(387,119)</u>	<u>(165,294)</u>
Balance at end of year	\$ <u>6,888,654</u>	\$ <u>258,111</u>	\$ <u>7,146,765</u>	\$ <u>7,002,990</u>

MARIANAS PUBLIC LAND TRUST

Notes to Financial Statements
September 30, 2004 and 2003

(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, 2004 and 2003, MPLT recorded \$1,308,788 and \$1,206,139, 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, 2004 and 2003, MPLT recorded \$766,808 and \$764,713, 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, 2004 and 2003, MPLT recorded \$387,119 and \$165,294, 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 to purchase commercial insurance from independent third parties for the risks of losses to which it is exposed with respect to the use of motor vehicles. Settled claims have not exceeded this commercial insurance coverage.

(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.

The Trustees have approved a loan of \$1,000,000 to APLE 501, Inc. The loan is for funding for an independently administered individual or parent-student loan program. As of September 30, 2004, \$150,924 has been disbursed.

(9) Subsequent Events

In fiscal year 2005, the note receivable from APLE 501, Inc. went into arrears. As such, the management of MPLT has elected to reserve for this note in fiscal year 2005 in the amount of \$143,155.

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, 2004

<u>Equities</u>	<u>Cost</u>	<u>Fair Value</u>
<u>Common Stock</u>		
3M Company	\$ 152,025	\$ 183,931
American Express Co.	213,686	216,132
American International Group, Inc.	257,757	302,555
Amgen Inc.	102,027	107,939
Apollo Group, Inc.	307,760	256,795
Bed Bath & Beyond	270,149	241,215
Boston Scientific Corp.	345,296	337,705
Caterpillar Inc.	211,939	265,485
Citigroup, Inc.	287,648	300,016
Coca Cola Co.	232,426	160,200
Colgate Palmolive Co.	264,345	207,828
ConocoPhillips	246,410	256,835
Ebay, Inc.	70,782	110,328
Electronic Arts	76,785	114,975
Eli Lilly & Co.	362,857	324,270
Gannett Co.	153,006	167,520
Genentech Inc.	277,460	298,794
General Electric Co.	272,162	295,504
Gillette Company	390,286	464,316
Illinois Tool Works Inc.	211,804	223,608
Johnson & Johnson	276,900	394,310
Kohls Corp.	371,913	327,692
Marriott International, Inc.	94,769	161,076
Maxim Integrated Prods Inc.	198,021	173,389
McDonalds Corp.	265,130	271,891
Medtronic Inc.	184,013	332,160
Omnicom Group Inc.	165,985	160,732
Oracle Corporation	98,027	97,008
Paychex Inc.	241,062	195,975
Pepsico Inc.	263,532	311,360
Pfizer Inc.	261,194	279,684
Procter & Gamble Co.	323,417	503,316
Qualcomm Inc.	165,255	324,032
Schlumberger Limited	312,139	424,053
United Parcel Svc. Inc.	265,351	326,456
Walt Disney Co.	105,572	96,965
Subtotal - Montag & Caldwell	<u>8,298,890</u>	<u>9,216,050</u>
3M Co.	233,577	335,874
Aetna Inc.	176,813	209,853
Alcoa, Inc.	136,001	196,501
Altria Group, Inc.	306,913	348,096
American Express Company	229,173	360,220
Brunswick Corporation	97,050	219,648
Burlington Northern Sante Fe Corp.	257,729	375,438
Caterpillar Inc.	107,654	201,125
Chevrontexaco Corp.	139,134	198,468

See Accompanying Independent Auditors' Report.

MARIANAS PUBLIC LAND TRUST

SCHEDULE 1A

Schedule of Investments - General Fund
September 30, 2004

<u>Equities, Continued</u>	<u>Cost</u>	<u>Fair Value</u>
<u>Common Stock, Continued</u>		
Cigna Corp.	113,596	97,482
Citigroup Inc.	257,154	352,960
Clorox Company	134,946	186,550
Conocophillips	238,669	381,110
Delphi Corporation	102,208	83,610
Dow Chemical Company	158,678	205,569
Duke Energy Corp.	165,752	180,831
Eastman Kodak Co.	185,789	209,430
Eaton Corp.	100,365	183,889
Federal National Mortgage Assn. (Fannie Mae)	195,206	158,500
General Electric Co.	329,119	359,306
General Mills, Inc.	192,070	175,110
General Motors Corporation	68,120	84,960
Georgia Pacific Corp.	83,482	197,725
Hartford Finl. Svcs. Group Inc.	146,627	179,597
Honeywell Intl. Inc.	186,850	179,300
ITT Industries Inc.	100,809	183,977
Kimberly Clark Corp.	158,730	180,852
Kroger Company	292,955	181,584
Lockheed Martin Corp.	137,838	184,074
Lyondell Chemical Company	77,326	141,498
Nicor Inc.	171,289	194,510
Plum Creek Timber Co.	75,478	98,084
Public Service Enterprise Group Inc.	143,193	183,180
Royal Dutch Petroleum Co.	327,953	361,200
SBC Communications, Inc.	451,145	358,110
Schering Plough Corp.	109,654	91,488
Target Corp.	257,068	366,525
Textron Incorporated	203,615	359,912
Thomas & Betts Corporation	54,798	93,870
Tyco Intl. Ltd.	300,571	340,326
Wachovia Corp.	140,486	187,800
Waste Management Inc.	162,856	180,444
Wells Fargo & Co.	142,526	184,853
Subtotal - Great Lakes Advisors	<u>7,650,965</u>	<u>9,533,439</u>
Alcon Inc.	46,524	48,120
Air France Adr	72,274	73,186
Astrazeneca Plc Spon Adr	70,912	65,808
Bae Systems Plc Spon Adr	81,507	84,594
BASF Ag Spons Adr	75,285	82,530
BOC Group Plc Spons Adr	77,903	78,096
Banco Bilbao Vizcaya-Sp Adr	78,126	80,040
Bayerische Hypo Und Sp Adr	73,027	84,049
Bunge Limited	74,917	75,962
Business Objects Sa Adr	63,110	76,890
Deutsche Telekom Ag Sp Adr	70,010	74,640

See Accompanying Independent Auditors' Report.

MARIANAS PUBLIC LAND TRUST

SCHEDULE 1A

Schedule of Investments - General Fund
September 30, 2004

<u>Equities, Continued</u>	<u>Cost</u>	<u>Fair Value</u>
<u>Common Stock, Continued</u>		
Diageo Plc Spon Adr	73,995	75,645
EMI Group Plc Spons Adr	72,926	77,493
Endesa Sa Sponsored Adr	79,031	82,173
Enersis S.A. Sponsored Adr	68,463	79,640
HSBC Hldg Plc Sp Adr	82,775	87,780
Ing Groep Nv Spons Adr	76,623	80,896
ISHARES	81,810	84,840
Kao Corp-Jpy Spons Adr	84,859	77,326
Komatsu Ltd. Adr	74,158	82,224
Marui Ltd. Adr	68,548	67,859
Matsushita Elec Indl Adr	73,080	75,152
Mitsubishi Tokyo Financial Group Spons Adr	92,300	83,400
NTT Docomo Inc. Spons Adr	63,334	56,100
Nestle S A Sponsored Adr	78,788	74,815
Nortel Networks Corp	62,779	54,400
Orix Corp Spons Adr	67,573	66,196
Repsol S A Sponsored Adr	81,960	87,680
Schlumberger Ltd.	83,944	94,234
Seven Eleven Japan Ltd.-Adr	75,362	71,452
STMicroelectronics N V SHS-NY Registry	56,013	53,568
Suez SA Spon Adr	81,515	90,720
TDC A/S Sponsored Adr	72,324	72,283
Tesco Plc Sponsored Adr	73,629	77,425
Toray Industries Inc. Adr	76,593	78,664
Total S.A. Spons Adr	77,158	81,736
Vodafone Group Plc Sp Adr	71,083	74,741
Subtotal - Met West	<u>2,734,218</u>	<u>2,812,357</u>
Axcan Pharma Inc.-Cad	110,205	94,855
Bemis Co Inc.	221,812	226,329
Brown & Brown Inc.	107,778	115,073
C.H. Robinson Worldwide Inc.	276,673	304,318
Catalina Marketing Corp.	143,407	165,599
Certegy Inc.	199,131	197,957
Cincinnati Financial Corp.	176,426	181,368
Cintas Corp.	154,565	162,064
Copart Inc.	226,185	205,485
Diagnostic Products Corp.	177,374	181,258
Donaldson Co. Inc.	98,939	107,172
Eaton Vance Corp.	198,423	211,644
Equifax Inc.	126,790	136,018
Fair Isaac & Co. Inc.	169,348	170,236
Jack Henry & Associates Inc.	170,688	177,189
IMS Health Inc.	274,887	283,093
Mettler Toledo Intl Inc.	187,475	198,796
Microchip Technology Inc.	202,323	198,079
99 Cents Only Stores	155,373	170,760
Patina Oil & Gas Corp.	214,597	243,805

See Accompanying Independent Auditors' Report.

MARIANAS PUBLIC LAND TRUST

SCHEDULE 1A

Schedule of Investments - General Fund
September 30, 2004

<u>Equities, Continued</u>	<u>Cost</u>	<u>Fair Value</u>
<u>Common Stock, Continued</u>		
Regis Corporation Minnesota	271,281	273,697
Reinsurance Group of America	193,639	201,468
Rent-A-Center Inc.	276,482	246,058
StanCorp Financial Group	221,077	221,005
Teleflex Inc.	165,557	162,350
Tootsie Roll Industries Inc.	49,392	47,775
Valspar Corp.	248,032	246,237
Zebra Technologies Inc.	221,114	251,178
	<hr/>	<hr/>
Subtotal - Kayne Anderson Rudnick	5,238,973	5,380,866
	<hr/>	<hr/>
UBS Ag-Chf	80,285	82,989
ABN Amro Hldg Nv Spon Adr	54,390	59,290
Adecco SA-Sponsored Adr	39,838	41,287
Allied Domecq Plc-New Sponsored Adr	30,362	32,223
Axa S.A. Spons Adr	46,404	46,137
BASF Ag Spons Adr	24,399	26,822
BG Group Plc Spon Adr	43,789	47,486
BNP Paribas Spons Adr	71,487	75,563
Barclays Plc-Adr	78,042	79,701
BHP Billiton Ltd Spons Adr	28,972	31,851
British American Tobacco Plc Adr	75,126	73,413
Canon Inc. Adr	94,314	95,263
Companhia Vale Di Rio Adr Doce	44,013	51,906
Dassault Systems SA Adr	43,439	45,891
ENI Spa Sponsored Adr	107,994	118,477
E Onag Spons Adr	29,110	30,217
Eisai Ltd. Spons Adr	27,302	26,402
Ericsson L M Tel Co.	21,232	25,148
Fomento Economico Mexicano S A Spons Adr	21,852	22,532
Fortis NL Sponsored Adr	39,711	43,549
GKN Public Ltd. Co. Spons Adr	35,196	32,565
Glaxosmithkline Plc Sp Adr	85,739	95,550
HSBC Hldg Plc Sp Adr	109,009	115,710
Honda Motor Co. Ltd. Adr	67,739	69,304
Ing Groep NV Spons Adr	38,334	40,701
Intercontinental Hotels Group Plc Sponsored Adr	37,726	42,714
Ireland Bank Spons Adr	41,180	41,734
Kao Corp-Jpy Spons Adr	58,440	53,024
Kingfisher Plc Sponsored Adr	32,201	35,420
Koninklijke Philips Electroncis NS Spon Adr	28,834	28,523
Lafarge Spons adr New Lafarge Coppee	66,139	69,419
Matsushita Elec Indl Adr	33,971	34,959
Mitsubishi Corp Spons Adr	43,026	46,034
Mitsubishi Tokyo Financial Group Spons Adr	64,691	58,964
National Grid Transco Plc Spon Adr	29,794	30,838
Nestle S A Sponsored Adr	74,825	71,650
News Ltd. Adr	31,406	32,377

See Accompanying Independent Auditors' Report.

MARIANAS PUBLIC LAND TRUST

SCHEDULE 1A

Schedule of Investments - General Fund
September 30, 2004

<u>Equities, Continued</u>	<u>Cost</u>	<u>Fair Value</u>
<u>Common Stock, Continued</u>		
Nikko Cordial Corp. ADR	40,672	37,921
Nintendo Co. Ltd. ADR	38,710	42,271
Nippon Tel & Tel Spon ADR	26,314	22,278
Nokia Corp Sponsored ADR	24,356	28,057
Novartis Ag ADR	55,490	56,237
Posco Spon ADR	34,705	36,147
Reed Elsevier NV-NLG ADR	22,449	22,792
Roche Hldg Ltd. Spon ADR	51,410	54,753
SK Telecom Ltd. Spon ADR	12,222	12,740
Schering A G Spons ADR	18,836	21,335
Secom Ltd. ADR	29,055	27,105
Sharp Corp ADR	21,294	21,458
Siemens A G Spons ADR	43,585	47,537
Taiwan Semiconductor Mfg. Co. Ltd. ADR	6,972	6,819
Telecom Italia S.P.A.-ADR	23,617	24,300
Tesco Plc Sponsored ADR	29,841	31,435
Total S.A. Sponsored ADR	127,730	135,375
United Microelectronics Corp. Spons ADR	6,801	6,033
Vodafone Group Plc Sp ADR	88,643	93,547
Wolseley Plc Sponsored ADR	33,618	37,464
Wolters Kluwer N V Sp ADR	26,973	27,263
Woodside Pete Ltd. Spons ADR	26,765	28,532
Yukos Oil Company Spon ADR Moscow-Rub	5,100	5,454
Zurich Fincl Svcs Spon ADR	21,016	21,097
Subtotal - JP Morgan	<u>2,696,485</u>	<u>2,803,583</u>
Total Common Stock	<u>26,619,531</u>	<u>29,746,295</u>
Total Equities	<u>26,619,531</u>	<u>29,746,295</u>
<u>Fixed Income Securities</u>		
<u>Mortgage and Asset Backed Securities</u>		
Citibank Cr Card Iss @ 2.700%, due 01/15/08	250,791	250,195
Discover Card Master TR1 @ 6.350%, due 07/15/08	261,504	261,898
First Union-Lehman Brothers @ 6.560%, due 11/18/08	184,091	179,306
Bear Stears Commercial Mort SE @ 5.186%, due 09/11/13	186,047	181,482
L-UBS Commercial Mtg Trust @ 5.594%, due 06/15/31	128,011	128,690
GE Capital Commercial Mtg. Corp. @ 6.269%, due 12/10/35	89,587	88,671
GS Mtg. Secs Corp. II Coml Mtg. @ 3.590%, due 01/10/40	177,441	180,299
Total Mortgage and Asset Backed Securities - Richmond	<u>1,277,472</u>	<u>1,270,541</u>
<u>Government Obligations</u>		
U.S. Treasury Note @ 3.500%, due 11/15/06	275,094	274,736
U.S. Treasury Bonds @ 7.500%, due 11/15/16	87,548	89,958
U.S. Treasury Bonds @ 7.875%, due 02/15/21	300,348	338,290
Total Government Obligations - Richmond	<u>662,990</u>	<u>702,984</u>

See Accompanying Independent Auditors' Report.

MARIANAS PUBLIC LAND TRUST

SCHEDULE 1A

Schedule of Investments - General Fund
September 30, 2004

<u>Fixed Income Securities, Continued</u>	<u>Cost</u>	<u>Fair Value</u>
<u>Government Agencies</u>		
Federal National Mortgage Association @ 5.500%, due 02/15/06	593,518	608,219
Federal National Mortgage Association @ 5.375%, due 11/15/11	266,916	256,126
Federal National Mortgage Association @ 4.375%, due 09/15/12	569,983	583,906
Federal Home Loan Banks Deb @ 5.125%, due 03/06/06	629,265	647,462
Federal Home Loan Banks @ 2.750%, due 03/14/08	206,294	206,325
Federal Home Loan Mortgage Corp. Deb @ 6.625%, due 09/15/09	397,827	406,127
Federal Home Loan Mortgage Corp. @ 5.125%, due 07/15/12	56,495	57,767
Federal National Mortgage Association Deb @ 6.625%, due 09/15/09	179,421	180,250
Federal National Mortgage Association Deb @ 6.625%, due 11/15/10	184,644	199,062
Federal Home Loan Mortgage Corp. Grp #E20222 @ 6.500%, due 02/01/11	35,713	35,818
Federal National Mortgage Association Pool #603265 @ 5.500%, due 09/01/16	46,853	47,834
Federal National Mortgage Association Pool #739168 @ 5.500%, due 09/01/18	55,205	54,721
Federal National Mortgage Association Pool #743002 @ 5.500%, due 10/01/18	54,244	46,412
Total Government Agencies - Richmond	<u>3,276,378</u>	<u>3,330,029</u>
<u>Corporate Bonds</u>		
Air Prods & Chems Inc. @ 7.375%, due 05/01/05	206,156	210,506
Alcoa Inc. @ 7.375%, due 08/01/10	64,151	68,816
Allstate Corp. @ 7.200%, due 12/01/09	143,514	169,462
American Express @ 4.875%, due 07/15/13	141,134	147,013
American General Fin. Corp. @ 5.750%, due 03/15/07	407,222	417,381
Anheuser Busch Cos Inc. @ 6.750%, due 12/15/27	99,105	115,537
Archer Daniels Midland Co. @ 7.500%, due 03/15/27	109,749	122,775
Associates Corp. @ 6.250%, due 11/01/08	92,449	109,596
Atlantic Richfield Co. Deb @ 10.875%, due 07/15/05	155,116	158,907
Banc One Corp. @ 7.600%, due 05/01/07	158,479	164,886
Becton Dickinson & Co. @ 7.000%, due 08/01/27	106,924	116,330
Bell South Telecommunications @ 6.375%, due 06/01/28	92,706	103,188
Bestfoods M/T/N @ 6.625%, due 04/15/28	54,433	67,141
Boeing Co. Deb @ 7.250%, due 06/15/25	90,196	117,599
Bristol Myers Squibb Co. @ 6.800%, due 11/15/26	100,219	106,836
Campbell Soup Co. @ 6.900%, due 10/15/06	55,679	58,973
Campbell Soup Co. @ 8.875%, due 05/01/21	91,411	94,725
Carolina Power & Lt Co. @ 5.950%, due 03/01/09	175,332	203,475
Chubb Corp. @ 6.800%, due 11/15/31	99,217	111,946
Cit Group Hldgs Inc. @ 7.750%, due 04/02/12	181,896	177,519
Coca-Cola Enterprises Inc. @ 8.500%, due 02/01/22	64,140	78,389
Conoco Inc. USD @ 6.950%, due 04/15/29	59,872	56,810
CSX Corp. @ 8.625%, due 05/15/22	63,901	63,318
Daimler Chrysler @ 7.200%, due 09/01/09	174,811	196,975
Deere & Co. @ 8.100%, due 05/15/30	59,949	79,766
Disney Walt Co. @ 6.750%, due 03/30/06	97,694	105,397
Duke Energy Corp. @ 7.375%, due 03/01/10	191,434	205,708

See Accompanying Independent Auditors' Report.

MARIANAS PUBLIC LAND TRUST

SCHEDULE 1A

Schedule of Investments - General Fund
September 30, 2004

<u>Fixed Income Securities, Continued</u>	<u>Cost</u>	<u>Fair Value</u>
<u>Corporate Bonds, Continued</u>		
Du Pont E I De Nemours & Co. @ 6.875%, due 10/15/09	96,161	113,098
Eaton Corp. @ 7.650%, due 11/15/29	45,250	63,806
Emerson Elec. Co. @ 5.500%, due 09/15/08	134,882	149,437
Equitable Cos Inc. @ 7.000%, due 04/01/28	88,667	114,583
Federal Express Corp NT @ 9.650%, due 06/15/12	75,889	75,982
Florida Pwr & Lt Co @ 6.875%, due 12/01/05	105,559	104,870
Ford Motor Cr Co. @ 7.375%, due 10/28/09	92,064	104,056
Ford Motor Cr Co. @ 7.000%, due 10/01/13	26,951	26,432
FPL Group Cap Inc. @ 7.375%, due 06/01/09	195,379	222,816
General Motors Acceptance Corp. @ 7.750%, due 01/19/10	99,159	109,886
General Motors Acceptance Corp. @ 6.150%, due 04/05/07	89,462	99,833
Goldman Sachs Group @ 6.650%, due 05/15/09	184,829	217,154
Goldman Sachs Group @ 6.600%, due 01/15/12	73,232	72,590
Great Lakes Chem Corp. @ 7.000%, due 07/15/09	148,410	165,174
GTE Corp. Debs @ 7.510%, due 04/01/09	113,132	113,501
Household Fin Corp. @ 8.000%, due 07/15/10	171,392	186,664
HSBC USA, Inc. @ 8.375%, due 02/15/07	78,411	83,766
IBM Corp. M/T/N @ 5.400%, due 10/01/08	130,164	153,101
Johnson & Johnson NT @ 6.730%, due 11/15/23	104,913	116,912
J P Morgan Chase & Co. @ 5.350%, due 03/01/07	116,046	115,485
Key Bk Wash M/T/N @ 7.125%, due 08/15/06	101,380	107,979
Key Bank N A @ 5.700%, due 08/15/12	26,268	26,460
Lehman Bros Hldg. @ 4.000%, due 01/22/08	187,496	187,919
Lincoln Natl Corp. Ind. @ 6.500%, due 03/15/08	84,076	98,268
MacMillan Bloedel Ltd. @ 6.750%, due 02/15/06	48,315	52,506
Marsh & McLennan Cos. Inc. @ 5.375%, due 07/15/14	119,868	122,970
Mellon Bk N.A. @ 6.500%, due 08/01/05	158,016	159,555
Merrill Lynch & Co. Inc. @ 2.470%, due 03/10/06	149,740	150,045
Merrill Lynch & Co. Inc. @ 7.375%, due 05/15/06	70,535	75,273
Michigan Bell Tel. Co. Debs @ 7.850%, due 01/15/22	104,096	100,324
Morgan Stanley Group Inc. @ 6.875%, due 03/01/07	130,238	145,022
Morgan Stanley Group Inc. @ 6.750%, due 04/15/11	108,178	106,452
Nationsbank Corp. @ 7.500%, due 09/15/06	108,108	113,671
Pepsi Bottling Group Inc. @ 7.000%, due 03/01/29	102,996	106,379
Phillips Pete Co. NT @ 9.375%, due 02/15/11	45,361	51,100
Sara Lee Corp @ 3.875%, due 06/15/13	93,402	89,385
Sara Lee Corp @ 6.125%, due 11/01/32	42,434	42,711
SLM Corp. @ 2.750%, due 12/01/05	271,091	269,179
Southwestern Bell Telephone Co. M/T/N @ 6.550%, due 10/07/08	101,693	108,539
St. Paul Cos Inc. M/T/N @ 8.125%, due 04/15/10	59,710	71,256
Suntrust BK Atlanta GA M/T/N @ 7.250%, due 09/15/06	101,827	107,851
Sysco Corp. Deb @ 6.500%, due 08/01/28	64,026	72,945
Texaco Cap Inc. @ 8.625%, due 04/01/32	44,416	56,508
United Technologies Corp. @ 6.500%, due 06/01/09	209,842	250,481
Verizon New England Inc. @ 6.500%, due 09/15/11	105,609	104,828
Wachovia Corp. @ 6.250%, due 08/04/08	100,218	109,196
Wachovia Corp. @ 5.625%, due 12/15/08	95,082	118,317

See Accompanying Independent Auditors' Report.

MARIANAS PUBLIC LAND TRUST

SCHEDULE 1A

Schedule of Investments - General Fund
September 30, 2004

<u>Fixed Income Securities, Continued</u>	<u>Cost</u>	<u>Fair Value</u>
<u>Corporate Bonds, Continued</u>		
Wells Fargo & Co. @ 6.375%, due 08/01/11	219,087	211,835
Weyerhaeuser Co. @ 5.250%, due 12/15/09	59,616	62,797
Wisconsin Pwr & Lt Co. @ 5.700%, due 10/15/08	97,335	116,388
Total Corporate Bonds - Richmond	<u>8,716,900</u>	<u>9,434,259</u>
Total Fixed Income Securities	<u>13,933,740</u>	<u>14,737,813</u>
Total Equities and Fixed Income Securities	<u>\$ 40,553,271</u>	<u>\$ 44,484,108</u>

See Accompanying Independent Auditors' Report.

MARIANAS PUBLIC LAND TRUST

SCHEDULE 1B

Schedule of Investments - Park Fund
September 30, 2004

<u>Equities</u>	<u>Cost</u>	<u>Fair Value</u>
<u>Common Stock</u>		
3M Co.	\$ 19,658	\$ 23,991
American Express Co.	25,282	25,730
American International Group Inc.	23,708	32,295
Amgen Inc.	11,024	11,362
Apollo Group Inc.	35,607	29,348
Bed Bath & Beyond	28,905	25,977
Boston Scientific Corp.	40,917	39,730
Caterpillar Inc.	25,700	32,180
Citigroup, Inc.	33,309	33,796
Coca Cola Co.	30,478	20,025
Colgate Palmolive Co.	28,917	22,590
ConocoPhillips	31,907	33,140
Ebay, Inc.	6,085	9,194
Electronic Arts	8,964	13,797
Eli Lilly & Co.	41,590	36,030
Gannett Co., Inc.	15,350	16,752
Genentech Inc.	29,312	31,452
General Electric Co.	30,858	33,580
Gillette Company	44,355	51,841
Illinois Tool Works Inc.	26,711	27,951
Johnson & Johnson	28,727	45,064
Kohls Corp.	43,572	38,552
Marriott International Inc.	12,093	20,784
Maxim Integrated Prods Inc.	24,560	21,145
McDonalds Corp.	30,126	30,833
Medtronic, Inc.	17,769	36,330
Omnicom Group Inc.	22,628	21,918
Oracle Corporation	11,398	11,280
Paychex Inc.	25,955	21,105
Pepsico, Inc.	28,726	34,055
Pfizer Inc.	28,562	31,212
Procter & Gamble Co.	36,190	59,532
Qualcomm Inc.	20,653	39,040
Schlumberger Limited	35,408	47,117
United Parcel Svc. Inc.	30,806	37,960
Walt Disney Co.	12,891	11,275
Subtotal - Montag & Caldwell	<u>948,701</u>	<u>1,057,963</u>
3M Co.	27,663	39,985
Aetna Inc.	21,050	24,983
Alcoa, Inc.	22,792	23,513
Altria Group, Inc.	39,891	39,984
American Express Company	27,350	41,168
Brunswick Corporation	13,080	27,456
Burlington Northern Santa Fe Corp.	29,961	42,141
Caterpillar Inc.	13,118	20,113
Chevrontexaco Corp.	16,735	21,456
Cigna Corp.	18,162	13,926
Citigroup Inc.	38,038	39,708

See Accompanying Independent Auditors' Report.

MARIANAS PUBLIC LAND TRUST

SCHEDULE 1B

Schedule of Investments - Park Fund
September 30, 2004

<u>Equities, Continued</u>	<u>Cost</u>	<u>Fair Value</u>
<u>Common Stock, Continued</u>		
Clorox Company	17,859	23,985
Conocophillips	27,935	41,425
Delphi Corporation	11,693	8,361
Dow Chemical Company	17,339	22,590
Duke Energy Corp.	28,571	18,312
Eastman Kodak Co.	31,006	24,165
Eaton Corporation	13,066	22,194
Federal National Mortgage Association (Fannie Mae)	25,425	19,020
General Electric Co.	44,451	41,975
General Mills, Inc.	22,731	20,205
General Motors Corporation	5,109	6,372
Georgia Pacific Corp.	14,997	23,367
Hartford Finl Svcs. Group Inc.	23,010	21,675
Honeywell Intl. Inc.	22,422	21,516
ITT Industries Inc.	13,149	23,997
Kimberly Clark Corp.	22,220	22,606
Kroger Company	37,647	23,280
Lockheed Martin Corp.	15,856	22,312
Lyondell Chemical Company	10,646	16,845
Nicor Inc.	21,743	22,020
Plum Creek Timber Co.	8,397	10,509
Public Service Enterprise Group Inc.	24,866	23,430
Royal Dutch Petroleum Co.	39,107	38,700
SBC Communications Inc.	58,886	40,222
Schering-Plough Corp.	28,286	15,248
Target Corp.	28,520	40,725
Textron Incorporated	27,187	38,562
Thomas & Betts Corporation	7,045	12,069
Tyco Intl. Ltd.	36,473	29,127
Wachovia Corp.	17,838	23,475
Waste Management Inc.	12,852	15,037
Wells Fargo & Co.	18,164	23,852
Subtotal - Great Lakes Advisors	<u>1,002,336</u>	<u>1,091,611</u>
Alcon Inc.	3,102	3,208
Air France Adr	4,707	4,773
Astrazeneca Plc Spon Adr	4,432	4,113
Bae Systems Plc Spon Adr	5,486	5,694
BASF Ag Spons Adr	5,377	5,895
BOC Group Plc Spons Adr	4,869	4,881
Banco Bilbao Vizcaya-Sp Adr	5,388	5,520
Bayerische Hypo Und Sp Adr	4,979	5,731
Bunge Limited	5,915	5,997
Business Objects Sa Adr	3,825	4,660
Deutsche Telekom Ag Sp Adr	4,376	4,665
Diageo Plc Spon Adr	4,933	5,043
EMI Group Plc Spons Adr	4,511	4,793
Endesa Sa Sponsored Adr	5,514	5,733
Enersis S.A. Sponsored Adr	4,979	5,792

See Accompanying Independent Auditors' Report.

Schedule of Investments - Park Fund
September 30, 2004

<u>Equities, Continued</u>	<u>Cost</u>	<u>Fair Value</u>
<u>Common Stock, Continued</u>		
HSBC Hldg Plc Sp Adr	5,268	5,586
Ing Groep Nv Spons Adr	4,789	5,056
ISHARES	5,454	5,656
Kao Corp-Jpy Spons Adr	4,849	4,419
Komatsu Ltd. Adr	4,635	5,139
Marui Ltd. Adr	5,078	5,027
Matsushita Elec Indl Adr	4,567	4,697
Mitsubishi Tokyo Financial Group Spons Adr	6,461	5,838
NTT Docomo Inc. Spons Adr	3,838	3,400
Nestle S A Sponsored Adr	4,848	4,604
Nortel Networks Corp	4,316	3,740
Orix Corp Spons Adr	4,678	4,583
Repsol S A Sponsored Adr	5,122	5,480
Schlumberger Ltd.	5,396	6,058
Seven Eleven Japan Ltd.-Adr	4,522	4,287
STMicroelectronics N V SHS-NY Registry	3,614	3,456
Suez SA Spon Adr	4,852	5,400
TDC A/S Sponsored Adr	4,410	4,407
Tesco Plc Sponsored Adr	5,154	5,420
Toray Industries Inc. Adr	4,505	4,627
Total S.A. Spons Adr	5,787	6,130
Vodafone Group Plc Sp Adr	4,586	4,822
Subtotal - Met West	179,122	184,330
Axcan Pharma Inc.-Cad	7,217	6,204
Bemis Co Inc.	14,249	14,566
Brown & Brown Inc.	7,062	7,540
C.H. Robinson Worldwide Inc.	18,212	20,180
Catalina Marketing Corp.	9,419	10,917
Certegy Inc.	13,087	13,098
Cincinnati Financial Corp.	11,588	11,913
Cintas Corp.	10,184	10,678
Copart Inc.	14,868	13,497
Diagnostic Products Corp.	11,235	11,689
Donaldson Co. Inc.	6,526	7,069
Eaton Vance Corp.	13,064	13,934
Equifax Inc.	8,379	8,989
Fair Isaac & Co. Inc.	11,078	11,154
Jack Henry & Associates Inc.	11,226	11,637
IMS Health Inc.	18,132	18,658
Mettler Toledo Intl Inc.	12,335	13,127
Microchip Technology Inc.	13,406	13,125
99 Cents Only Stores	10,113	11,185
Patina Oil & Gas Corp.	14,055	15,968
Regis Corporation Minnesota	17,886	18,059
Reinsurance Group of America	12,695	13,184
Rent-A-Center Inc.	18,112	16,188
StanCorp Financial Group	14,483	14,454
Teleflex Inc.	10,878	10,667

See Accompanying Independent Auditors' Report.

MARIANAS PUBLIC LAND TRUST

SCHEDULE 1B

Schedule of Investments - Park Fund
September 30, 2004

<u>Equities, Continued</u>	<u>Cost</u>	<u>Fair Value</u>
<u>Common Stock, Continued</u>		
Tootsie Roll Industries Inc.	3,263	3,156
Valspar Corp.	16,269	16,151
Zebra Technologies Inc.	14,542	16,534
Subtotal - Kayne Anderson Rudnick	343,563	353,521
UBS Ag-Chf	5,098	5,275
ABN Amro Hldg Nv Spon Adr	3,533	3,869
Adecco SA-Sponsored Adr	2,586	2,724
Allied Domecq Plc-New Sponsored Adr	1,941	2,057
Axa S.A. Spons Adr	3,016	3,042
BASF Ag Spons Adr	1,597	1,769
BG Group Plc Spon Adr	2,990	3,234
BNP Paribas Spons Adr	4,720	5,005
Barclays Plc-Adr	5,183	5,223
BHP Billiton Ltd Spons Adr	1,916	2,075
British American Tobacco Plc Adr	4,942	4,816
Canon Inc. Adr	6,205	6,367
Companhia Vale Di Rio Adr Doce	2,819	3,371
Dassault Systems SA Adr	2,663	2,795
ENI Spa Sponsored Adr	7,139	7,861
E Onag Spons Adr	1,777	1,843
Eisai Ltd. Spons Adr	1,839	1,769
Ericsson L M Tel Co.	1,441	1,718
Fomento Económico Mexicano S A Spons Adr	1,505	1,546
Fortis NL Sponsored Adr	2,604	2,856
GKN Public Ltd. Co. Spons Adr	2,386	2,157
Glaxosmithkline Plc Sp Adr	5,674	6,341
HSBC Hldg Plc Sp Adr	7,187	7,581
Honda Motor Co. Ltd. Adr	4,450	4,628
Ing Groep NV Spons Adr	2,491	2,654
Intercontinental Hotels Group Plc Sponsored Adr	2,470	2,774
Ireland Bank Spons Adr	2,683	2,710
Kao Corp-Jpy Spons Adr	3,611	3,314
Kingfisher Plc Sponsored Adr	2,173	2,343
Koninklijke Philips Electroncis NS Spon Adr	1,834	1,833
Lafarge Spons adr New Lafarge Coppee	4,317	4,475
Matsushita Elec Indl Adr	2,242	2,349
Mitsubishi Corp Spons Adr	2,835	3,026
Mitsubishi Tokyo Financial Group Spons Adr	4,216	3,920
National Grid Transco Plc Spon Adr	2,063	2,142
Nestle S A Sponsored Adr	5,389	4,892
News Ltd. Adr	2,074	2,137
Nikko Cordial Corp. Adr	2,595	2,433
Nintendo Co. Ltd. Adr	2,574	2,752
Nippon Tel & Tel Spon Adr	1,775	1,498
Nokia Corp Sponsored Adr	1,567	1,852
Novartis Ag Adr	3,690	3,734
Posco Spon Adr	2,167	2,271
Reed Elsevier NV-NLG Adr	1,388	1,424

See Accompanying Independent Auditors' Report.

MARIANAS PUBLIC LAND TRUST

SCHEDULE 1B

Schedule of Investments - Park Fund
September 30, 2004

<u>Equities, Continued</u>	<u>Cost</u>	<u>Fair Value</u>
<u>Common Stock, Continued</u>		
Roche Hldg Ltd. Spon Adr	3,370	3,616
SK Telecom Ltd. Spon Adr	841	875
Schering A G Spons Adr	1,391	1,569
Secom Ltd. Adr	1,862	1,738
Sharp Corp Adr	1,360	1,375
Siemens A G Spons Adr	3,018	3,316
Taiwan Semiconductor Mfg. Co. Ltd. Adr	455	464
Telecom Italia S.P.A.-Adr	1,488	1,538
Tesco Plc Sponsored Adr	1,978	2,090
Total S.A. Sponsored Adr	8,626	9,195
United Microelectronics Corp. Spons Adr	417	389
Vodafone Group Plc Sp Adr	5,794	6,148
Wolseley Plc Sponsored Adr	2,218	2,439
Wolters Kluwer N V Sp Adr	1,743	1,767
Woodside Pete Ltd. Spons Adr	1,816	1,907
Yukos Oil Company Spon Adr Moscow-Rub	430	401
Zurich Fincl Svcs Spon Adr	1,405	1,425
Subtotal - JP Morgan	<u>177,577</u>	<u>184,707</u>
Total Common Stock	<u>2,651,299</u>	<u>2,872,132</u>
Total Equities	<u>2,651,299</u>	<u>2,872,132</u>
<u>Fixed Income Securities</u>		
<u>Mortgage and Asset Backed Securities</u>		
Citibank Cr Card Iss @ 2.700%, due 01/15/08	25,079	25,020
Discover Card Master TR1 @ 6.350%, due 07/15/08	31,380	31,428
First Union-Lehman Brothers @ 6.560%, due 11/18/08	16,735	16,301
Bear Stears Commercial Mort SE @ 5.186%, due 09/11/13	26,578	25,926
L-UBS Commercial Mtg Trust @ 5.594%, due 06/15/31	10,668	10,724
GE Capital Commercial Mtg. Corp. @ 6.269%, due 12/10/35	11,198	11,084
GS Mtg. Secs Corp. II Coml Mtg. @ 3.590%, due 01/10/40	19,716	20,033
Total Mortgage and Asset Backed Securities - Richmond	<u>141,354</u>	<u>140,516</u>
<u>Government Obligations</u>		
U.S. Treasury Note @ 3.500%, due 11/15/06	15,283	15,263
U.S. Treasury Bonds @ 7.500%, due 11/15/16	24,985	25,702
U.S. Treasury Bonds @ 7.875%, due 02/15/21	49,140	54,126
Total Government Obligations - Richmond	<u>89,408</u>	<u>95,091</u>
<u>Government Agencies</u>		
Federal Home Ln Bank @ 2.750%, due 03/14/08	14,735	14,738
Federal Home Loan Mortgage Corp. @ 3.500%, due 09/15/07	20,316	20,206
Federal Home Loan Mortgage Corp. Grp #E63380 @ 6.500%, due 03/01/11	2,197	2,272
Federal Home Loan Mortgage Corp. @ 5.125%, due 07/15/12	10,272	10,503
Federal Home Loan Mortgage Corp. @ 6.750%, due 03/15/31	39,002	35,813

See Accompanying Independent Auditors' Report.

MARIANAS PUBLIC LAND TRUST

SCHEDULE 1B

Schedule of Investments - Park Fund
September 30, 2004

<u>Fixed Income Securities, Continued</u>	<u>Cost</u>	<u>Fair Value</u>
<u>Government Agencies, Continued</u>		
Federal Home Loan Mortgage Corp. Deb @ 6.625%, due 09/15/09	38,394	39,485
Federal National Mortgage Association @ 6.625%, due 09/15/09	50,227	50,695
Federal National Mortgage Association @ 5.375%, due 11/15/11	38,925	37,352
Federal National Mortgage Association @ 4.375%, due 09/15/12	77,565	79,850
Federal National Mortgage Association Pool #603265 @ 5.500%, due 09/01/16	7,028	7,175
Federal National Mortgage Association Pool #739168 @ 5.500%, due 09/01/18	9,201	9,120
Federal National Mortgage Association Pool #743002 @ 5.500%, due 10/01/18	9,041	7,735
Federal National Mortgage Association Deb @ 3.250%, due 11/15/07	20,087	20,000
Federal National Mortgage Association Deb @ 6.625%, due 11/15/10	5,190	5,688
Total Government Agencies - Richmond	<u>342,180</u>	<u>340,632</u>
<u>Corporate Bonds</u>		
Air Prods & Chems Inc. @ 7.375%, due 05/01/05	10,036	10,269
Alcoa Inc. @ 7.375%, due 08/01/10	10,692	11,469
American Express @ 4.875%, due 07/15/13	9,733	10,139
American Genl Corp. NT @ 7.750%, due 04/01/05	15,279	15,399
American Gen. Fin. Corp. @ 5.750%, due 03/15/07	24,783	26,417
Anheuser Busch Cos. Inc. @ 6.750%, due 12/15/27	9,980	11,554
Archer Daniels Midland Co. @ 7.500%, due 03/15/27	5,487	6,139
Associates Corp. N A @ 6.200%, due 05/16/05	19,945	20,467
Atlantic Richfield Co. DEB @ 10.875%, due 07/15/05	25,853	26,485
Atlantic Richfield Co. @ 8.500%, due 04/01/12	6,195	6,126
Becton Dickinson & Co. @ 7.000%, due 08/01/27	5,346	5,816
Bell South Telecommunications @ 6.375%, due 06/01/28	9,113	10,319
Bestfoods M/T/N @ 6.625%, due 04/15/28	4,534	5,595
Boeing Co. Deb @ 7.250%, due 06/15/25	4,510	5,880
Bristol Myers Squibb Co. @ 6.800%, due 11/15/26	5,275	5,623
Campbell Soup Co. @ 6.900%, due 10/15/06	25,404	26,806
Campbell Soup Co. @ 8.875%, due 05/01/21	6,529	6,766
Carolina Power & Lt Co. @ 5.950%, due 03/01/09	23,070	26,773
Chase Manhattan Corp. @ 6.375%, due 02/15/08	28,703	32,555
Chubb Corp. @ 6.600%, due 08/15/18	5,066	5,584
Chubb Corp. @ 6.800%, due 11/15/31	4,961	5,597
Cit Group Inc. @ 7.750%, due 04/02/12	22,243	23,669
Coca Cola Enterprises Inc. @ 8.500%, due 02/01/22	5,345	6,532
CSX Corp. @ 8.625%, due 05/15/22	6,390	6,332
Daimler Chrysler @ 7.200%, due 09/01/09	19,978	22,511
Deere & Co. @ 8.100%, due 05/15/30	4,996	6,647
Dover Corp. @ 6.650%, due 06/01/28	5,179	5,690
Duke Energy Corp. @ 7.375%, due 03/01/10	5,318	5,714
Du Pont E I De Nemours & Co. @ 6.875%, due 10/15/09	19,232	22,620
Eaton Corp. @ 7.650%, due 11/15/29	9,050	12,761
Enron Oil & Gas Co. @ 6.700%, due 11/15/06	16,141	16,188
Equitable Cos Inc. @ 7.000%, due 04/01/28	8,867	11,458
Federal Express Corp. NT @ 9.650%, due 06/15/12	12,648	12,664

See Accompanying Independent Auditors' Report.

MARIANAS PUBLIC LAND TRUST

SCHEDULE 1B

Schedule of Investments - Park Fund
September 30, 2004

<u>Fixed Income Securities, Continued</u>	<u>Cost</u>	<u>Fair Value</u>
<u>Corporate Bonds, Continued</u>		
First Union Corp. @ 7.500%, due 07/15/06	16,218	16,064
Ford Motor Cr Co. @ 7.375%, due 10/28/09	15,538	16,430
General Mtrs Accep Corp @ 6.150%, due 04/05/07	9,417	10,509
General Mtrs Accep Corp @ 7.750%, due 01/19/10	19,832	21,977
Goldman Sachs Group @ 6.650%, due 05/15/09	18,939	22,272
Goldman Sachs Group @ 6.600%, due 01/15/12	5,633	5,584
Great Lakes Chem Corp @ 7.000%, due 07/15/09	19,788	22,023
Hartford Finl Svcs Group Inc. @ 7.750%, due 06/15/05	30,356	31,041
Heinz H J Co. @ 6.375%, due 07/15/28	5,152	5,464
Household Fin Corp. @ 8.000%, due 07/15/10	21,424	23,333
Ingersoll Rand Co. M/T/N @ 6.510%, due 12/01/04	25,000	25,166
Johnson & Johnson NT @ 6.730%, due 11/15/23	10,173	11,691
Key Bk Wash M/T/N @ 7.125%, due 08/15/06	25,345	26,995
Key Bank N A @ 5.700%, due 08/15/12	5,254	5,292
Lehman Bros Hldg. @ 4.000%, due 01/22/08	15,202	15,237
Lincoln Natl Corp. Ind. @ 6.500%, due 03/15/08	14,013	16,378
MacMillan Bloedel Ltd. @ 6.750%, due 02/15/06	9,663	10,501
Marsh & McLennan Cos. Inc. @ 5.375%, due 07/15/14	9,989	10,247
Mellon Funding @ 5.000%, due 12/01/14	14,997	15,248
Merrill Lynch & Co. Inc. @ 2.470%, due 03/10/06	9,983	10,003
Merrill Lynch & Co. Inc. @ 7.375%, due 05/15/06	10,076	10,753
Merrill Lynch & Co. Inc. @ 6.000%, due 02/17/09	10,857	10,777
Michigan Bell Tel. Co. Debs @ 7.850%, due 01/15/22	12,247	11,803
Morgan Stanley Co. @ 6.750%, due 04/15/11	11,387	11,206
Nationsbank Corp. @ 7.625%, due 04/15/05	65,445	66,771
New York Telephone @ 6.000%, due 04/15/08	4,630	5,312
NYNEX Cap. FDG Co. M/T/N @ 8.750%, due 12/01/04	35,151	35,350
Pepsi Bottling Group Inc. @ 7.000%, due 03/01/29	11,444	11,820
Phillips Pete Co. NT @ 9.375%, due 02/15/11	11,340	12,775
Procter & Gamble Co. @ 6.450%, due 01/15/26	8,442	11,295
Rockwell Intl Corp. @ 6.625%, due 06/01/05	9,899	10,263
Salomon Smith Barney Hldgs Inc. @ 6.375%, due 10/01/04	9,907	10,000
Sara Lee Corp. @ 3.875%, due 06/15/13	9,865	9,409
Sara Lee Corp @ 6.125%, due 11/01/32	5,304	5,339
SLM Corp. @ 2.750%, due 12/01/05	30,121	29,909
Suntrust Bk Atlanta GA M/T/N @ 7.250%, due 09/15/06	30,548	32,355
Sysco Corp. Deb @ 6.500%, due 08/01/28	4,727	5,611
Texaco CAP Inc. @ 8.625%, due 04/01/32	11,104	14,127
Union Camp Corp. @ 6.500%, due 11/15/07	24,938	26,733
US Bank N A @ 6.375%, due 08/01/11	22,857	22,346
Verizon New England Inc. @ 6.500%, due 09/15/11	11,117	11,035
Wal-Mart Stores @ 6.875%, due 08/10/09	14,941	16,907
Wachovia Corp. New @ 5.625%, due 12/15/08	12,966	16,134
Weyerhaeuser Co. @ 5.250%, due 12/15/09	9,936	10,466
Wisconsin Pwr & Lt Co. @ 5.700%, due 10/15/08	30,970	37,032
Total Corporate Bonds - Richmond	<u>1,118,016</u>	<u>1,201,547</u>
Total Fixed Income Securities	<u>1,690,958</u>	<u>1,777,786</u>
Total Equities and Fixed Income Securities	<u>\$ 4,342,257</u>	<u>\$ 4,649,918</u>

See Accompanying Independent Auditors' Report.

MARIANAS PUBLIC LAND TRUST

SCHEDULE 2

Schedule of Administrative Expenses
 Compared to Budget
 Year Ended September 30, 2004

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Money manager fees	\$ 197,290	\$ 197,082	\$ 208
Contract services	147,205	147,198	7
Trustees' expenses	139,435	139,072	363
Professional fees	136,575	136,561	14
Money management administration	131,570	131,335	235
Salaries and benefits	65,290	65,276	14
Consultancy fees	55,280	55,280	-
Office supplies	28,925	28,839	86
Rent and utilities	14,660	14,669	(9)
Depreciation	8,600	8,490	110
Audit	2,795	3,000	(205)
Annual report preparation	1,050	1,066	(16)
	<u> </u>	<u> </u>	<u> </u>
Total	<u>\$ 928,675</u>	<u>\$ 927,868</u>	<u>\$ 807</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, 2004

NDEPENDENT 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, 2004, 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

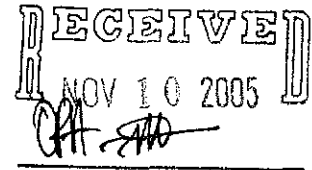
Unresolved Prior Year Comments
Year Ended September 30, 2004

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, 2004.

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

Very truly yours,

A handwritten signature in black ink, appearing to read "Michael S. Johnson".

Michael S. Johnson
Managing Partner, Saipan

Received by: _____ Date: _____

Member of
Deloitte Touche Tohmatsu

WIFE
DAVE
MEE
FILE