

MARIANAS PUBLIC LAND TRUST

FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REPORT

YEARS ENDED SEPTEMBER 30, 2007 AND 2006

## 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, 2007 and 2006, 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, 2007 and 2006, 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 10 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 30 through 32 and schedules of investments and administrative expenses compared to budget presented on pages 33 through 45 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 2007 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 May 15, 2008, 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.

*Debra J. Touche LLC*

May 15, 2008

**Management's Discussion and Analysis  
Year Ended September 30, 2007**

As management of the Marianas Public Land Trust (MPLT), we offer readers of MPLT's financial statements this narrative overview and analysis of the financial activities of MPLT for the year ended September 30, 2007. This Management's Discussion and Analysis should be read in conjunction with the audited financial statements.

**Implementing Authority**

The origins of MPLT are found in both the Constitution of the Northern Mariana Islands and Public Law (P.L.) 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 MPLT upon the effective date of the Constitution. Some excerpts pertaining to the operating requirements of MPLT are:

- "... The number of trustees appointed by the Governor with the advice 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 MPLT'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 MPLT, i.e., \$23,942,602 allocated to the MPLT General Fund and \$2,000,000 allocated to the MPLT Park Fund. In 1991 and 2007, additional distributions were received of \$1,000,000 and \$1,250,000, respectively, from the Marianas Public Land Corporation and its successor, the Department of Public Lands, respectively. These were treated as General Fund principal contributions.

## **Financial Highlights**

The following financial highlights are taken from the audited financial statements for the years ended September 30, 2007, 2006 and 2005.

- The assets of MPLT increased in 2007 by \$8,387,167 over the amount at 2006. This increase in assets was due primarily to the increased value of the investments. The rate of return on investment for 2007 showed a very good performance.

The assets of MPLT declined in 2006 by \$196,251 over the amount at 2005. While the marketable investments performed very well for the year, MPLT had to write-down the value of its loan to Northern Marianas Housing Corporation due to the passage of P.L. 15-48. This law repealed the moratorium allowing NMHC to defer making debt service payments and also repealed the appropriation allowing MPLT to apply its annual distribution to the CNMI General Fund. Since NMHC has indicated its inability to meet the current terms and conditions of the loan, it is being considered as high risk. Accordingly, MPLT has reduced the carrying value of the loan by \$4,000,000 resulting in a reduction of assets and principal.

- Total liabilities for 2007 increased by \$1,821,658 over the amount from 2006 due to the distribution payable to the CNMI General Fund of \$2,228,048. There was a net decrease in accounts payable and accrued expenses of \$26,874. Payable to brokers decreased by \$108,914.

Total liabilities increased as of 2006 by \$81,806 due to payable to brokers for year-end trades and an increase of due to CNMI government for interest earned on a restricted TCD. The accounts payable and accrued expenses declined by a total of \$15,834 over the amount from 2005.

- The above changes resulted in an increase in net assets of \$6,565,509 for 2007, a decrease of \$278,057 for 2006 and an increase of \$5,199,295 for 2005.
- Total revenues of MPLT are a combination of (1) gains (losses) attributable to the valuation of investments plus (2) income earned on such investments. Total operating revenues for 2007, 2006 and 2005 was \$8,402,283, \$5,501,811 and \$6,832,538, respectively.
- The total performance of MPLT for 2007 was 12.4% demonstrating a much improved market over the 2006 return of 8.3%, before the NMHC loss. But the actual rate of return after including the NMHC loss resulted in MPLT's performance being reduced to a rate of 2.2%. The return for 2005 was 11.4%.
- The overall administrative costs decreased in 2007 by 27% or \$241,076. This was due primarily to the Board of Trustees' continuing effort to focus on MPLT's primary mission and minimize administrative expenses.

The overall administrative costs for 2006 decreased by 14% or \$148,065. This was due primarily to a new Board of Trustees reestablishing MPLT's primary mission to its traditional money management function. As a result significant cuts were made to legal fees, other professional services, travel, board expenses, and annual report preparation.

The overall administrative costs increased in 2005 by 12%. This was due primarily to increased costs for legal fees, salaries and personnel benefits, other professional services, office expenses, and annual report preparation. Salaries and benefits increase was due to merit pay raises. Board Expenses and Money Management Administration decreased by 26% and 5%, respectively.

## **MPLT General Fund Operations**

The Board of Trustees modified its Investment Policy Statement in 2006 to change the asset allocation in order to increase the portion to fixed income and correspondingly reduce the equity allocation. This was done for the purpose of benefiting its income beneficiary, the CNMI General Fund. Due to falling governmental revenues, the CNMI General Fund is suffering a severe cash flow problem and is experiencing difficulty meeting its financial obligations. In recognition of this situation, the MPLT Board made this reallocation decision in order to allow more investment income to be realized and thereby increase its annual distribution to the CNMI General Fund. As part of this plan, P.L.s 10-29 and 12-27 were repealed through the enactment of P.L. 15-48 on March 13, 2007, and more fully discussed in the review of the economically targeted investments (ETI) program. No changes were made to the Investment Policy Statement in 2007.

The reallocation of the investment assets to favor fixed income resulted in an increase in investment income of \$607,726 in 2007 and \$198,212 for 2006. This coupled with decreases in administration expenses allowed the 2007 and 2006 distributable net income to increase by \$848,427 and \$315,328, respectively. For 2007, a distribution to the CNMI General Fund was paid in the amount of \$2,228,048. The distribution for 2006 in the amount of \$1,379,989 was appropriated back to MPLT per P.L.s 10-29 and 12-27. The cumulative amount distributed to the CNMI General Fund since inception in 1983 has been \$37,765,578. This has occurred while growing the principal fund by \$40,378,994 for the same time-period. The General Fund's annual return for 2007 was 12.6% as compared to the 2006 return of 1.2%.

The Board of Trustees has put a hold on any new "economically targeted investments" (ETI) in order to focus on recovering its loan for the Rota scholarship program. Legal action has taken place and a default judgment has been awarded to MPLT. Efforts are underway to recover this judgment.

The remaining ETI is a loan made to the Northern Marianas Housing Corporation (NMHC). NMHC defaulted on this loan in 2007 when P. L. 10-29 and 12-27 was repealed per P.L. 15-48. MPLT negotiated a settlement agreement wherein \$2,025,000 was paid and the related loan portfolio was transferred to MPLT. MPLT is currently managing these loans and attempting to recover its \$8.9 million principal. Due to collection uncertainty for this investment, a write-down of value amounting to \$4,000,000 was recognized by MPLT as of September 30, 2006. Interest on this investment is being recognized based upon collections.

It is because of the current status of the ETI program that no new ETI investments are being made.

### **Condensed Financial Statements Summaries:**

#### **STATEMENTS OF NET ASSETS**

<u>Assets</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Current assets	\$ 7,081,311	\$ 2,615,647	\$ 2,385,049
Other assets, restricted	56,736,154	52,200,507	48,968,629
Notes receivable - noncurrent portion	4,996,623	4,996,623	8,996,623
Accrued income receivable - noncurrent portion	-	1,162,317	1,012,880
Capital assets	26,135	26,895	33,667
Total	<u>\$ 68,840,223</u>	<u>\$ 61,001,989</u>	<u>\$ 61,396,848</u>
<b><u>Liabilities and Net Assets</u></b>			
Current liabilities	<u>\$ 2,268,627</u>	<u>\$ 423,390</u>	<u>\$ 361,950</u>
Invested in capital assets	26,135	26,895	33,667
Restricted principal	<u>66,545,461</u>	<u>60,551,704</u>	<u>61,001,231</u>
Net assets	<u>66,571,596</u>	<u>60,578,599</u>	<u>61,034,898</u>
Total	<u>\$ 68,840,223</u>	<u>\$ 61,001,989</u>	<u>\$ 61,396,848</u>

**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**

	<u>2007</u>	<u>2006</u>	<u>2005</u>
Operating revenues	\$ 7,556,755	\$ 4,985,020	\$ 6,163,837
Operating expenses	(585,342)	(826,043)	(943,159)
Nonoperating income (expenses), net	(978,416)	(4,615,276)	(299,948)
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Change in assets	5,992,997	(456,299)	4,920,730
Beginning net assets	60,578,599	61,034,898	56,114,168
	<hr/>	<hr/>	<hr/>
Ending net assets	\$ 66,571,596	\$ 60,578,599	\$ 61,034,898

**STATEMENTS OF CASH FLOWS**

	<u>2007</u>	<u>2006</u>	<u>2005</u>
Cash flows from operating activities	\$ 1,102,742	\$ 676,445	\$ 511,597
Cash flows from noncapital financing activities	1,250,000	-	(299,948)
Cash flows from capital and related financing activities	(8,583)	(1,207)	(12,750)
Cash flows from investing activities	207,350	(180,890)	(456,710)
	<hr/>	<hr/>	<hr/>
Net increase (decrease) in cash and cash equivalents	2,551,509	494,348	(257,811)
Cash and cash equivalents at beginning of year	2,188,162	1,693,814	1,951,625
	<hr/>	<hr/>	<hr/>
Cash and cash equivalents at end of year	\$ 4,739,671	\$ 2,188,162	\$ 1,693,814

**Capital Assets:**

At September 30, 2007, 2006 and 2005, MPLT had \$26,135, \$26,895 and \$33,667, respectively, in capital assets, net of accumulated depreciation where applicable, including furniture, fixtures and equipment and vehicles, which represent a net decrease in 2007 of \$760 or 3% over 2006 and a net decrease in 2006 of \$6,772 or 20% over 2005. See note 4 to the financial statements for more information on MPLT's capital assets.

**Goals and Objectives:**

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. The Park Fund's annual return for 2007 was 11.2% as compared to the 2006 return of 6.4%. The Park Fund has not suffered ETI losses as it only invests to benefit the American Memorial Park. 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 \$8,055,268. This has been accomplished while distributing \$4,276,759 for AMP maintenance and development.

As part of a plan to make some of the principal available for development of the AMP, MPLT 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>
<b>Total</b>	<b><u>\$ 4,000,000</u></b>

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.

During 2006, the Board of Trustees also amended the Investment Policy Statement for the Park Fund in a manner similar to the General Fund by increasing the allocation to fixed income and reducing the allocation to equities. The reason for this change was also to grant more investment income and increase the annual available funds for maintenance and development of the American Memorial Park. Additional investment revenues were deemed necessary to support the debt service on the CDA/AMP loan as the income fund balance was getting low and MPLT is limited to distributing income only. No changes were made to the Investment Policy Statement in 2007.

### Condensed Financial Statements Summaries:

#### STATEMENTS OF NET ASSETS

<u>Assets</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Current assets	\$ 507,624	\$ 437,890	\$ 472,879
Other assets, restricted	6,170,871	5,615,835	5,310,202
Notes receivable - noncurrent portion	1,504,443	1,611,843	1,712,943
<b>Total</b>	<b><u>\$ 8,182,938</u></b>	<b><u>\$ 7,665,568</u></b>	<b><u>\$ 7,496,024</u></b>

**STATEMENTS OF NET ASSETS, CONTINUED**

	<u>2007</u>	<u>2006</u>	<u>2005</u>
<b><u>Liabilities and Net Assets</u></b>			
Current liabilities	\$ 6,854	\$ 61,996	\$ 70,694
Restricted principal	8,055,268	7,541,290	7,297,024
Restricted income	120,816	62,282	128,306
Net assets	8,176,084	7,603,572	7,425,330
Total	\$ 8,182,938	\$ 7,665,568	\$ 7,496,024

**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**

	<u>2007</u>	<u>2006</u>	<u>2005</u>
Operating revenues	\$ 845,528	\$ 516,791	\$ 668,701
Operating expenses	(64,098)	(64,474)	(95,423)
Nonoperating income (expenses), net	(208,917)	(274,075)	(294,713)
Change in assets	572,513	178,242	278,565
Beginning net assets	7,603,572	7,425,330	7,146,765
Ending net assets	\$ 8,176,085	\$ 7,603,572	\$ 7,425,330

**STATEMENTS OF CASH FLOWS**

	<u>2007</u>	<u>2006</u>	<u>2005</u>
Cash flows from operating activities	\$ 216,765	\$ 242,318	\$ 50,589
Cash flows from noncapital financing activities	(208,917)	(274,075)	(294,713)
Cash flows from investing activities	60,042	33,733	(162,814)
Net increase in cash and cash equivalents	67,890	1,976	(406,938)
Cash and cash equivalents at beginning of year	288,023	286,047	692,985
Cash and cash equivalents at end of year	\$ 355,913	\$ 288,023	\$ 286,047

**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 MPLT'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.

## **Economic Outlook**

MPLT has had an exceptional performance for the last five years which, except for 2006, has been in double digits. This is unusual for the consecutive number of years. Accordingly, the Board of Trustees is expecting 2008 to be of average performance in the range of 6 to 8%. Additionally, there is evidence of a slowing economy and inflationary pressures. This coupled with an election year makes for a lot of uncertainties. We see this as additional support to be allocated more heavily to fixed income than equities. But this is not the reason for the asset allocation change. The prime basis for the asset allocation change was the income needs of our beneficiaries.

## **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 MPLT's accountability for the money it receives. The Management's Discussion and Analysis for the year ended September 30, 2006 is set forth in the report on the audit of MPLT's financial statements which is dated May 28, 2007. That Discussion and Analysis explains the major factors impacting the 2006 financial statements. If you have questions about this report or the 2006 or 2005 reports or need additional financial information, contact the MPLT office, P.O. Box 501089, Saipan, MP 96950 or phone at (670) 322-4401 or email [mplt@pticom.com](mailto:mplt@pticom.com).

MARIANAS PUBLIC LAND TRUST

Statements of Net Assets  
September 30, 2007 and 2006

<u>ASSETS</u>	<u>2007</u>	<u>2006</u>
Current assets:		
Cash and cash equivalents	\$ 5,095,584	\$ 2,476,185
Receivables:		
Notes, current portion	107,400	101,100
Accrued income	2,368,903	431,415
Other	549	1,210
Due from CNMI Government	6,868	6,868
Prepaid expense	4,435	-
Total current assets	<u>7,583,739</u>	<u>3,016,778</u>
Other assets, restricted:		
Time certificate of deposit	-	279,226
Investments	<u>62,907,025</u>	<u>57,537,116</u>
Total other assets, restricted	<u>62,907,025</u>	<u>57,816,342</u>
Noncurrent assets:		
Notes receivable, net of current portion and allowance for doubtful accounts of \$4,143,156 as of September 30, 2007 and 2006	6,501,066	6,608,466
Accrued income receivable, net of current portion	-	1,162,317
Capital assets (net of accumulated depreciation)	<u>26,135</u>	<u>26,895</u>
Total noncurrent assets	<u>6,527,201</u>	<u>7,797,678</u>
	<u>\$ 77,017,965</u>	<u>\$ 68,630,798</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current liabilities:		
Accounts payable	\$ 24,071	\$ 51,594
Payable to brokers	-	108,914
Due to CNMI Government	2,241,498	284,052
Accrued expenses	<u>4,716</u>	<u>4,067</u>
Total liabilities	<u>2,270,285</u>	<u>448,627</u>
Commitments		
Net assets:		
Invested in capital assets	26,135	26,895
Restricted:		
Principal	74,600,729	68,092,994
Income	<u>120,816</u>	<u>62,282</u>
Total net assets	<u>74,747,680</u>	<u>68,182,171</u>
	<u>\$ 77,017,965</u>	<u>\$ 68,630,798</u>

See accompanying notes to financial statements.

MARIANAS PUBLIC LAND TRUST

Statements of Revenues, Expenses and Changes in Net Assets  
Years Ended September 30, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Operating revenues:		
Net increase in the fair value of investments	\$ 5,256,975	\$ 3,023,254
Interest income	2,729,975	2,018,976
Dividend income	415,333	459,581
Total operating revenues	<u>8,402,283</u>	<u>5,501,811</u>
Operating expenses:		
Money manager fees	202,526	207,424
Consultancy fees	133,984	120,884
Salaries and benefits	78,834	94,988
Contract services	67,000	110,470
Money management administration	49,794	70,816
Office supplies	38,414	35,682
Rent and utilities	21,376	18,152
Professional fees	21,059	149,066
Trustees' expenses	17,254	56,407
Audit	10,225	9,000
Annual report preparation	-	9,649
Depreciation	8,975	7,979
Total operating expenses	<u>649,441</u>	<u>890,517</u>
Operating income	<u>7,752,842</u>	<u>4,611,294</u>
Other nonoperating income (expenses):		
Provision for NMHC loans	-	(4,000,000)
Loss on disposal of fixed assets	(368)	-
Transfer in from DPL	1,250,000	-
Net contribution to the CNMI General Fund	(2,436,965)	(889,351)
Total nonoperating income (expenses), net	<u>(1,187,333)</u>	<u>(4,889,351)</u>
Change in net assets	6,565,509	(278,057)
Net assets at beginning of year	<u>68,182,171</u>	<u>68,460,228</u>
Net assets at end of year	<u>\$ 74,747,680</u>	<u>\$ 68,182,171</u>

See accompanying notes to financial statements.

MARIANAS PUBLIC LAND TRUST

Statements of Cash Flows  
Years Ended September 30, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Cash flows from operating activities:		
Cash received from operations	\$ 2,402,361	\$ 1,687,581
Cash payments to suppliers for goods and services	<u>(1,082,854)</u>	<u>(768,818)</u>
Net cash provided by operating activities	<u>1,319,507</u>	<u>918,763</u>
Cash flows from noncapital financing activities:		
Cash received from DPL	1,250,000	-
Net operating transfers out	<u>(208,917)</u>	<u>(274,075)</u>
Net cash provided by (used for) noncapital financing activities	<u>1,041,083</u>	<u>(274,075)</u>
Cash flows from capital and related financing activities:		
Acquisition of property and equipment	<u>(8,583)</u>	<u>(1,207)</u>
Net cash used for capital and related financing activities	<u>(8,583)</u>	<u>(1,207)</u>
Cash flows from investing activities:		
Net decrease in notes receivable	101,100	95,100
Net decrease (increase) in restricted assets	<u>166,292</u>	<u>(242,257)</u>
Net cash provided by (used for) investing activities	<u>267,392</u>	<u>(147,157)</u>
Net increase in cash and cash equivalents	2,619,399	496,324
Cash and cash equivalents at beginning of year	<u>2,476,185</u>	<u>1,979,861</u>
Cash and cash equivalents at end of year	<u>\$ 5,095,584</u>	<u>\$ 2,476,185</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 7,752,842	\$ 4,611,294
Adjustments to reconcile operating income to net cash provided by operating activities:		
Net increase in fair value of investments	(5,256,975)	(3,023,254)
Depreciation	8,975	7,979
(Increase) decrease in assets:		
Receivable - accrued income	(775,171)	(973,180)
Due from CNMI Government	-	47,580
Due from brokers	-	158,242
Other receivable	661	1,766
Prepaid expense	(4,435)	6,530
Increase (decrease) in liabilities:		
Accounts payable	(27,523)	(14,202)
Due to CNMI Government	(270,602)	10,134
Payable to brokers	(108,914)	87,506
Accrued expenses	649	(1,632)
Net cash provided by operating activities	<u>\$ 1,319,507</u>	<u>\$ 918,763</u>

Supplemental schedule of noncash operating, financing and investing activities:

During the year ended September 30, 2007, MPLT recorded transfers out to the General Fund of the CNMI Government resulting in an increase in net contribution to the General Fund and due to CNMI Government of \$2,228,048.

Pursuant to Public Law 12-27, MPLT applied the required income distribution to the CNMI General Fund of \$-0- and \$615,276 for the years ended September 30, 2007 and 2006, respectively, as repayment of NMHC's loan.

Decrease in receivable - accrued income	\$ -	\$ (615,276)
Increase in operating transfers out	<u>-</u>	<u>615,276</u>
	<u>\$ -</u>	<u>\$ -</u>

At September 30, 2007 and 2006, MPLT recorded an allowance for doubtful accounts of \$-0- and \$4,000,000, respectively, to provide for NMHC's loan, pursuant to the enactment of Public Law 15-48.

Increase in allowance for doubtful accounts	\$ -	\$ (4,000,000)
Increase in provision for NMHC loans	<u>-</u>	<u>4,000,000</u>
	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to financial statements.

# MARIANAS PUBLIC LAND TRUST

Notes to Financial Statements  
September 30, 2007 and 2006

## (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 CNMI Department of Public Lands (DPL) (formerly the Marianas Public Lands Authority) for the use of public lands. DPL 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 DPL, 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, 2007 and 2006

## (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.

### Concentrations of Credit Risk

Financial instruments which potentially subject MPLT to concentrations of credit risk consist principally of cash demand deposits and investments.

At September 30, 2007 and 2006, MPLT has cash deposits and investments in bank accounts that exceed federal depository insurance limits. MPLT has not experienced any losses in such accounts.

### Cash and Cash Equivalents and Time Certificate of Deposit

GASB Statement No. 3 previously required government entities to present deposit risks in terms of whether the deposits fell into the following categories:

- Category 1 Deposits that are federally insured or collateralized with securities held by MPLT or its agent in MPLT's name;
- Category 2 Deposits that are uninsured but fully collateralized with securities held by the pledging financial institution's trust department or agent in MPLT's name; or
- Category 3 Deposits that are collateralized with securities held by the pledging financial institution's trust department or agent but not in MPLT's name and non-collateralized deposits.

GASB Statement No. 40 amended GASB Statement No. 3 to in effect eliminate disclosure for deposits falling into categories 1 and 2 but retained disclosures for deposits falling under category 3. Category 3 deposits are those deposits that have exposure to custodial credit risk. Custodial credit risk is the risk that in the event of a bank failure, MPLT's deposits may not be returned to it. Such deposits are not covered by depository insurance and are either uncollateralized, or collateralized with securities held by the pledging financial institution or held by the pledging financial institution but not in the depositor-government's name. MPLT does not have a deposit policy for custodial credit risk.



MARIANAS PUBLIC LAND TRUST

Notes to Financial Statements  
September 30, 2007 and 2006

(2) Summary of Significant Accounting Policies, Continued

Cash and Cash Equivalents and Time Certificate of Deposit, Continued

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, 2007 and 2006, total cash and cash equivalents were \$5,095,584 and \$2,476,185, respectively, and the corresponding bank balances were \$1,302,633 and \$410,080, respectively. Of the bank balance amount, \$1,302,633 and \$410,080 are maintained in financial institutions subject to Federal Deposit Insurance Corporation (FDIC) insurance as of September 30, 2007 and 2006, respectively. Bank deposits in the amount of \$100,000 were FDIC insured as of September 30, 2007 and 2006.

At September 30, 2007 and 2006, unrestricted cash and cash equivalents consisted of the following:

	<u>2007</u>	<u>2006</u>
Custodian money market sweep deposits	\$ 3,795,062	\$ 2,011,849
Deposits with federally insured banks	<u>1,300,522</u>	<u>464,336</u>
	<u>\$ 5,095,584</u>	<u>\$ 2,476,185</u>

Restricted time certificate of deposit of \$279,226 as of September 30, 2006 represent funds specifically held for the Saipan Trust Fund, and accordingly, are classified as restricted in the accompanying financial statements. During the year ended September 30, 2007, MPLT distributed \$272,058 of this amount to the CNMI Government.

CNMI law does not require component unit funds to be collateralized and thus MPLT's funds are uncollateralized. Accordingly, the deposits are exposed to custodial credit risk. The money market sweep account deposit is not federally insured.

Investments

GASB Statement No. 3 previously required government entities to present investment risks in terms of whether the investments fell into the following categories:

- Category 1 Investments that are insured or registered, or securities held by MPLT or its agent in MPLT's name;
- Category 2 Investments that are uninsured or unregistered for which the securities are held by the counterparty's trust department or agent in MPLT's name; or
- Category 3 Investments that are uninsured and unregistered with securities held by the counterparty, or by its trust department or agent but not in MPLT's name.

GASB Statement No. 40 amended GASB Statement No. 3 to eliminate disclosure for investments falling into categories 1 and 2, and provided for disclosure requirements addressing other common risks for investments such as credit risk, interest rate risk, concentration of credit risk, and foreign currency risk. GASB Statement No. 40 did retain and expand the element of custodial risk in GASB Statement No. 3.

Credit risk for investments is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

# MARIANAS PUBLIC LAND TRUST

Notes to Financial Statements  
September 30, 2007 and 2006

## (2) Summary of Significant Accounting Policies, Continued

### Investments, Continued

Custodial credit risk for investments is the risk that in the event of the failure of the counterparty to the transaction, MPLT will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. MPLT's investments are held and administered by trustees in accordance with negotiated trust and custody agreements. Based on these agreements, all of these investments were held by the broker or dealer, or by its trust department or agent but not in MPLT's name at September 30, 2007 and 2006.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of debt instruments.

Concentration of credit risk for investments is the risk of loss attributed to the magnitude of an entity's investment in a single issuer. GASB Statement No. 40 requires disclosure by issuer and amount of investments in any one issuer that represents five percent (5%) or more of total investments for MPLT.

MPLT has selected a custodian for both funds who shall maintain custody of all cash, securities and other assets of MPLT and shall credit interest and dividends on said securities and credit principal paid on called or matured securities of MPLT. The custodian shall provide, on a timely basis, a monthly statement of all assets, to include an accounting of all activity during that month.

The Trustees may engage the services of an investment consultant after a competitive search process. The investment consultant chosen shall demonstrate professional experience of at least ten (10) years with exclusive focus on Institutional Management Consulting.

When evaluating potential Investment Management Consulting Firms, the Trustees will consider at a minimum the following criteria:

- Must be a Registered Investment Advisor with exclusive focus on providing objective investment management consulting at an institutional level, having the support of a staff and/or organization, focused and experienced in consulting only.
- The candidate should be objective, free of conflict of interest and free to secure services from leading third party providers that will best suit the interest of MPLT.
- Firms must demonstrate experience in the breadth and depth of its professional staff.
- Ability to provide unbiased fiduciary and financial advice to public trusts.
- Knowledge of legislative, operational and legal aspects of the local public trusts.
- Ownership or ready access to relevant and comprehensive performance databases with proven and verifiable process for the institutional client.
- Ability to provide quantitative analysis of manager and total fund performance. In particular, attribution analysis to maintain the interests of the management styles and strategic asset allocation.

# MARIANAS PUBLIC LAND TRUST

Notes to Financial Statements  
September 30, 2007 and 2006

## (2) Summary of Significant Accounting Policies, Continued

### Investments, Continued

- Ability to provide on-going training.
- Firms must be recognized as having substantial experience in the institutional level investment management consulting field. Firms offering consulting as incidental to their securities business shall not be considered.
- Shall not be an investment manager with discretion over MPLT assets.

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

- (i) The Trustees, with the assistance of the investment consultant, will select appropriate investment managers to manage MPLT assets. Investment managers 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, and not providing any other services, normally provided by separate vendors, to MPLT.
  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, reported 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 comparable 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 MPLT assets must adhere to the following guidelines.
  1. The following securities and transactions are not authorized unless receiving prior Trustees approval:
    - Letter stock and other unregistered securities; commodities or other commodity contracts; and short sales or margin transactions.
    - Securities lending; pledging or hypothecating securities.

# MARIANAS PUBLIC LAND TRUST

Notes to Financial Statements  
September 30, 2007 and 2006

## (2) Summary of Significant Accounting Policies, Continued

### Investments, Continued

- Investments in the equity securities of any company with a record of less than three years of continuous operation (including the operation of any predecessor) and investments for the purpose of exercising control of management are all restricted.

#### 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.
- 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 of no less than "BBB" from Moody's, Standard & Poor's and/or Fitch's. 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 other issuer, other than securities of the U.S. government or agencies, shall not exceed 10% of the market value of the fixed income portfolio.

#### 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, 2007 and 2006

## (2) Summary of Significant Accounting Policies, Continued

### Investments, Continued

#### 4. International Equities, 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% of its mandated style 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.
- 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 (ETIs):

ETIs refer to investment vehicles that 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. Although MPLT's main beneficiaries are CNMI descendants and future Marianas descendants, ETIs are a controversial area for the Trustees. Detractors may argue that seeking corollary benefits may violate fiduciary duty. The Board of Trustees is charged with the responsibility of fulfilling MPLT's mission, yet ETIs may be an area of great exposure for MPLT Trustees from a fiduciary liability standpoint. Therefore, full and proper due diligence in both program development and on an investment-by-investment basis is necessary. The following guidelines are recommended:

- An opinion of legal counsel knowledgeable in standards of fiduciary care should be secured.
- Trustees should guarantee that they are acting on economic grounds, rather than being influenced by political or emotional factors, as well as the purpose for which MPLT was established.
- Written investment guidelines are necessary and should specifically address the characteristics an ETI should have, including the parameters on how the program will be administered, as well as the social and economic impact the intended beneficiaries will have on the CNMI as a whole while implementing programs for which MPLT was established.

# MARIANAS PUBLIC LAND TRUST

Notes to Financial Statements  
September 30, 2007 and 2006

## (2) Summary of Significant Accounting Policies, Continued

### Investments, Continued

#### 6. Economically Targeted Investments (ETIs), Continued:

- A thorough, written analysis of each proposed ETI should be undertaken, examining all economic, political and other factors, including potential conflicts of interest.
- Risk-adjusted, market rates of return should be the primary consideration; with special attention paid to whether the ETI involves significantly greater financial risk.
- Specific ETI proposals should be evaluated against investments of a similar asset class.
- An ETI should be an attractive investment on its own merits, and not be considered simply because MPLT has “available capital”.
- A viable ETI should be able to attract external financing: a proposed ETI funded entirely by MPLT should be limited in size and scope and subjected to close scrutiny.
- One way to ensure that investment opportunities are viewed objectively and selection is based upon viable economic criteria is to have Oversight Managers acting in a fiduciary capacity for particular ETI asset classes or strategies.
- Consideration should be given as to whether future Trustees will find the ETIs being considered and/or enacted acceptable.

The Trustees recognize the importance of establishing a competitive risk-adjusted rate of return policy as part of their due diligence in identifying and documenting ETI projects. Having a clear policy is fundamental in documenting and completing the preceding recommended guidelines. Accordingly, as part of the investment analysis, the identification of the source of repayment of a fixed-income security, e.g., promissory note, municipal bond, etc., is of primary consideration. Evaluation of the credit rating for such repayment source is fundamental to establishment of the risk-adjusted rate of return. Once the credit rating has been determined, then an appropriate pricing index, using a comparable maturity schedule, can be identified to establish a base interest rate to be charged. Additionally, since such investments are not marketable, than an “illiquidity premium” should be recognized and added to the base risk-adjusted rate. Also, to be considered, given that such ETIs are long-term in nature, is whether or not to have a fixed or floating rate. It is the Trustees’ opinion that the risk-adjusted rate should be floating to the appropriate pricing index and adjusted on at least a quarterly basis. Due to the fact that administration of an ETI program is much more time-consuming and costly than a managed portfolio, the assessment of a loan origination fee should be considered and applied in most situations. This would allow for the reimbursement of ongoing servicing costs, legal fees, consultancy, and travel costs.

MARIANAS PUBLIC LAND TRUST

Notes to Financial Statements  
September 30, 2007 and 2006

(2) Summary of Significant Accounting Policies, Continued

Investments, Continued

6. Economically Targeted Investments (ETIs), Continued:

This ETI policy applies only to the MPLT General Fund and does not relate to the American Memorial Park Fund. In the case of the American Memorial Park Fund, any ETIs are limited to directly benefiting the beneficiary, the American Memorial Park, by funding development projects.

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

	General Fund			Park Fund		
	Lower Limit	Strategic Allocation	Upper Limit	Lower Limit	Strategic Allocation	Upper Limit
Domestic Equities: <i>Large Cap Core</i>	15%	25%	35%	15%	25%	35%
Non U.S. Equities: <i>Large Cap Core</i>	5%	10%	15%	5%	10%	15%
Domestic Fixed Income: <i>Core</i>	50%	65%	80%	40%	65%	85%
<i>ETI - Local Loans</i>	40%	50%	60%	40%	50%	60%
	10%	15%	20%	0%	15%	25%

Rebalancing of Strategic Allocation

The percentage allocation to each asset class may vary as much as approximately 10% depending upon the market conditions.

When necessary and/or available, cash flows will be distributed following 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 so that MPLT would fall within the allocated threshold ranges.

Frequency

In two instances, portfolio rebalancing will be necessary to remain within the target asset allocation ranges:

1. Cash Flow Requirements
2. Significant Market Action

Positive cash flows should be directed to the under-weighted asset class, while negative cash flows (disbursements) should be directed away from the over-weighted asset class. This procedure is likely to be fairly routine and predictable.

Significant Market Action requires immediate action to restore asset allocation. This is neither predictable nor routine.

MARIANAS PUBLIC LAND TRUST

Notes to Financial Statements  
September 30, 2007 and 2006

(2) Summary of Significant Accounting Policies, Continued

Investments, Continued

Liquidity

The MPLT Executive Director shall prepare anticipated expenditure requirements for each disbursement period and communicate these disbursement requirements to all affected managers with as much advance notice as possible. It is anticipated that MPLT's fixed income manager will be the initial and main conduit for contributions and disbursements. It is further anticipated that most of all such disbursements will be made from "income" generated from each account.

MPLT values its investments at fair value in accordance with GASB Statement 31. MPLT's investments as of September 30, 2007 and 2006 (with combining information as of September 30, 2007) is as follows:

	<u>General Fund</u>	<u>Park Fund</u>	<u>2007</u>	<u>2006</u>
<u>Equities:</u>				
Common stock	\$ 22,976,070	\$ 3,027,021	\$ 26,003,091	\$ 26,441,057
<u>Fixed Income Securities:</u>				
Mortgage and asset backed securities	6,908,508	656,580	7,565,088	3,877,105
Corporate bonds	23,547,728	2,170,355	25,718,083	20,811,878
Government obligations	2,061,190	213,357	2,274,547	3,038,979
Government agencies	<u>1,242,658</u>	<u>103,558</u>	<u>1,346,216</u>	<u>3,368,097</u>
	<u>\$ 56,736,154</u>	<u>\$ 6,170,871</u>	<u>\$ 62,907,025</u>	<u>\$ 57,537,116</u>

GASB Statement No. 40 requires entities to provide information about the credit risk associated with their investments by disclosing the credit quality ratings. The following is a listing of MPLT's fixed income securities at September 30, 2007 and 2006:

<u>Investment Type</u>	<u>Fair Value</u>	<u>2007</u> <u>Investment Maturities (In Years)</u>				<u>Credit Rating</u>
		<u>Less Than 1</u>	<u>1 - 5</u>	<u>6 - 10</u>	<u>More Than 10</u>	
Mortgage and asset backed securities	\$ 6,232,664	\$ -	\$ 1,063,158	\$ 1,854,974	\$ 3,314,532	AAA
Mortgaged and asset backed securities	1,332,424	-	-	-	1,332,424	No rating
Government obligations	2,274,547	-	-	-	2,274,547	AAA
Government agencies	1,346,216	-	429,951	916,265	-	AAA
Corporate bonds	1,429,976	-	584,558	677,585	167,833	AAA
Corporate bonds	289,430	-	5,729	283,701	-	AA+
Corporate bonds	2,767,859	-	1,887,982	789,512	90,365	AA-
Corporate bonds	2,211,156	-	567,338	1,643,818	-	AA
Corporate bonds	6,670,304	350,929	2,578,629	2,308,589	1,432,157	A+
Corporate bonds	2,555,746	34,693	1,435,601	369,726	715,726	A-
Corporate bonds	8,031,454	143,614	2,081,249	3,612,245	2,194,346	A
Corporate bonds	1,120,771	-	812,439	267,022	41,310	BBB+
Corporate bonds	236,017	-	236,017	-	-	BBB-
Corporate bonds	<u>405,370</u>	<u>-</u>	<u>293,576</u>	<u>-</u>	<u>111,794</u>	<u>BBB</u>
	<u>\$ 36,903,934</u>	<u>\$ 529,236</u>	<u>\$ 11,976,227</u>	<u>\$ 12,723,437</u>	<u>\$ 11,675,034</u>	



MARIANAS PUBLIC LAND TRUST

Notes to Financial Statements  
September 30, 2007 and 2006

(2) Summary of Significant Accounting Policies, Continued

Investments, Continued

Investment Type	Fair Value	2006				Credit Rating
		Investment Maturities (In Years)				
		Less Than 1	1 - 5	6 - 10	More Than 10	
Mortgage and asset backed securities	\$ 3,877,105	\$ -	\$ 39,804	\$ 2,095,170	\$ 1,742,131	AAA
Government obligations	3,038,979	-	-	1,400,186	1,638,793	AAA
Government agencies	3,368,097	-	2,342,913	858,472	166,712	AAA
Corporate bonds	970,030	-	338,307	504,040	127,683	AAA
Corporate bonds	5,800	-	5,800	-	-	AA+
Corporate bonds	959,363	-	112,173	776,965	70,225	AA
Corporate bonds	2,750,840	-	2,307,675	349,080	94,085	AA-
Corporate bonds	5,292,737	-	2,905,047	1,696,120	691,570	A+
Corporate bonds	7,426,147	379,725	3,743,143	1,675,141	1,628,138	A
Corporate bonds	2,094,172	-	1,469,889	234,774	389,509	A-
Corporate bonds	42,244	-	-	-	42,244	BBB+
Corporate bonds	1,270,545	-	1,178,996	86,558	4,991	BBB
	<u>\$ 31,096,059</u>	<u>\$ 379,725</u>	<u>\$ 14,443,747</u>	<u>\$ 9,676,506</u>	<u>\$ 6,596,081</u>	

Notes Receivable and Allowance for Loan Losses

Notes receivable are stated at the amount of unpaid principal, reduced by an allowance for loan losses. The allowance for loan losses is established through a provision for doubtful accounts charged to principal fund. Loans are charged against the allowance for loan losses when management believes that the collection of the principal is unlikely. The allowance is an amount that management believes will be adequate to absorb possible losses on existing loans that may be uncollectible, based on evaluations of the collectibility of loans and prior loan loss experience. The evaluations take into consideration such factors as changes in the nature and volume of the loan portfolio, overall portfolio quality, review of specific problem loans and current economic conditions that may affect the borrowers' ability to pay.

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.

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:

- Invested 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.

# MARIANAS PUBLIC LAND TRUST

Notes to Financial Statements  
September 30, 2007 and 2006

## (2) Summary of Significant Accounting Policies, Continued

### Net Assets, Continued

- **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, 2007 and 2006.

### New Accounting Standards

During fiscal year 2007, MPLT implemented GASB Statement No. 44, *Economic Condition Reporting: The Statistical Section, an amendment to NCGA Statement 1*. GASB Statement No. 44 improves the understandability and usefulness of statistical section information and adds information from the new financial reporting model for state and local governments required by GASB Statement No. 34. The implementation of this pronouncement did not have a material impact on the accompanying 2007 financial statements.

In April 2004, GASB issued Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. GASB Statement No. 43 establishes uniform financial reporting for other postemployment benefit plans by state and local governments. The provisions of this Statement are effective for periods beginning after December 15, 2007. Management does not believe that the implementation of this statement will have a material effect on the financial statements of MPLT.

In July 2004, GASB issued Statement No. 45, *Accounting and Financial Reporting by Employers for Post employment Benefits Other Than Pensions*. GASB Statement No. 45 establishes standards for the measurement, recognition, and display of other post employment benefits expense/expenditures and related liabilities, note disclosures, and, if applicable, required supplementary information in the financial reports of state and local governmental employers. The provisions of this Statement are effective for periods beginning after December 15, 2008. Management does not believe that the implementation of this statement will have a material effect on the financial statements of MPLT.

In September 2006, GASB issued Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfer of Assets and Future Revenues*. GASB Statement No. 48 establishes criteria that governments will use to ascertain whether certain transactions should be regarded as a sale or a collateralized borrowing. The statement also includes a provision that stipulates that governments should not revalue assets that are transferred between financial reporting entity components. The provisions of this Statement are effective for periods beginning after December 15, 2006. Management does not believe that the implementation of this statement will have a material effect on the financial statements of MPLT.

In December 2006, GASB issued Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*. GASB Statement No. 49 provides guidance and consistency under which a governmental entity would be required to report a liability related to pollution remediation. The provisions of this Statement are effective for periods beginning after December 15, 2007. Management does not believe that the implementation of this Statement will have a material effect on the financial statements of MPLT.

MARIANAS PUBLIC LAND TRUST

Notes to Financial Statements  
September 30, 2007 and 2006

(2) Summary of Significant Accounting Policies, Continued

New Accounting Standards, Continued

In May 2007, GASB issued Statement No. 50, *Pension Disclosures an amendment of GASB Statements No. 25 and 27*. GASB Statement No. 50 more closely aligns the financial reporting requirements for pensions with those for other post-employment benefits. The provisions of this Statement are effective for periods beginning after June 15, 2007. Management does not believe the implementation of this statement will have a material effect on the financial statements of MPLT.

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

Reclassification

Certain 2006 balances in the accompanying financial statements have been reclassified to conform to the 2007 presentation.

(3) Notes Receivable

	<u>2007</u>	<u>2006</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. Interest amounting to \$1,927,029 as of September 30, 2007 has been accrued on the outstanding balance of this note and is classified as current.	\$ 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.	143,156	143,156

MARIANAS PUBLIC LAND TRUST

Notes to Financial Statements  
September 30, 2007 and 2006

(3) Notes Receivable, Continued

	<u>2007</u>	<u>2006</u>
Note receivable from the Commonwealth Development Authority (CDA), 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>1,611,843</u>	<u>1,712,943</u>
	10,751,622	10,852,722
Less allowance for loan losses	<u>(4,143,156)</u>	<u>(4,143,156)</u>
	6,608,466	6,709,566
Less current portion	<u>(107,400)</u>	<u>(101,100)</u>
Long-term portion	<u>\$ 6,501,066</u>	<u>\$ 6,608,466</u>

The repayment schedule below does not include NMHC's note receivable as a result of the Settlement Agreement as discussed in note 9 and excludes APLE 501, Inc.

At September 30, 2007, principal and interest repayments of the CDA 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>
2008	\$ 107,400	\$ 101,613
2009	114,600	94,418
2010	122,100	86,753
2011	122,100	78,435
2012	122,100	70,499
2013 - 2017	610,500	233,445
2018	<u>413,043</u>	<u>8,949</u>
	<u>\$ 1,611,843</u>	<u>\$ 674,112</u>

(4) Capital Assets

A summary of capital assets as of September 30, 2007 and 2006, is as follows:

	<u>Estimated Useful Lives</u>	<u>Balance at October 1, 2006</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at September 30, 2007</u>
Furniture, fixtures and equipment	3 - 10 years	\$ 86,375	\$ 8,583	\$ (37,759)	\$ 57,199
Vehicle	3 - 10 years	<u>16,595</u>	<u>-</u>	<u>-</u>	<u>16,595</u>
		102,970	8,583	(37,759)	73,794
Less accumulated depreciation		<u>(76,075)</u>	<u>(8,975)</u>	<u>37,391</u>	<u>(47,659)</u>
		<u>\$ 26,895</u>	<u>\$ (392)</u>	<u>\$ (368)</u>	<u>\$ 26,135</u>

MARIANAS PUBLIC LAND TRUST

Notes to Financial Statements  
September 30, 2007 and 2006

(4) Capital Assets, Continued

	Estimated Useful Lives	Balance at October 1, 2005	Additions	Deletions	Balance at September 30, 2006
Furniture, fixtures and equipment	3 - 10 years	\$ 85,168	\$ 1,207	\$ -	\$ 86,375
Vehicle	3 - 10 years	<u>16,595</u>	<u>-</u>	<u>-</u>	<u>16,595</u>
		101,763	1,207	-	102,970
Less accumulated depreciation		<u>(68,096)</u>	<u>(7,979)</u>	<u>-</u>	<u>(76,075)</u>
		\$ <u>33,667</u>	\$ <u>(6,772)</u>	\$ <u>-</u>	\$ <u>26,895</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, 2007 and 2006, is summarized as follows:

	Principal	Income	2007	2006
<u>General Fund</u>				
Balance at beginning of year	\$ 60,551,704	\$ -	\$ 60,551,704	\$ 61,001,231
Net increase in the fair value of investments	4,742,997	-	4,742,997	2,778,988
Other operating net income (expenses), net	1,250,760	2,228,048	3,478,808	(2,613,239)
Transfers	<u>-</u>	<u>(2,228,048)</u>	<u>(2,228,048)</u>	<u>(615,276)</u>
Balance at end of year	\$ <u>66,545,461</u>	\$ <u>-</u>	\$ <u>66,545,461</u>	\$ <u>60,551,704</u>
<u>Park Fund</u>				
Balance at beginning of year	\$ 7,541,290	\$ 62,282	\$ 7,603,572	\$ 7,425,330
Net increase in the fair value of investments	513,978	-	513,978	244,266
Other operating net income	-	267,451	267,451	208,051
Transfers	<u>-</u>	<u>(208,917)</u>	<u>(208,917)</u>	<u>(274,075)</u>
Balance at end of year	\$ <u>8,055,268</u>	\$ <u>120,816</u>	\$ <u>8,176,084</u>	\$ <u>7,603,572</u>

(6) Contributions To/From Primary Government

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, 2007 and 2006, MPLT recorded \$2,228,048 and \$1,379,989, respectively, for transfers out to the CNMI general fund. In addition, in accordance with Section 5 of Article XI, the CNMI Department of Public Lands transferred \$1,250,000 and \$0- to MPLT during the years ended September 30, 2007 and 2006, respectively.

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, 2007 and 2006, MPLT recorded \$0- 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, 2007 and 2006, MPLT recorded \$208,917 and \$274,075, respectively, for transfers out for this purpose.

# MARIANAS PUBLIC LAND TRUST

Notes to Financial Statements  
September 30, 2007 and 2006

## (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 during the past three years.

## (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, to the extent of available income, annually for development and maintenance 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, 2007, \$150,924 has been disbursed of which \$143,156 has been provided for within the allowance for loan losses. Management of MPLT has taken the position that no additional loans will be made until the provisions of the loan agreement are complied with.

## (9) Subsequent Event

On December 31, 2007, MPLT and NMHC entered into a Settlement Agreement to settle all disputed issues and claims relating to the \$10,000,000 note receivable. Under the Settlement Agreement, NMHC will pay MPLT \$2,025,000 and will assign to MPLT certain loans and mortgages in the NMHC Owned Loan Portfolio amounting to \$10,621,895. In addition, MPLT will assume liability for the repayment of certain Service Released Loans totaling \$1,672,102 in contingent liabilities for and on behalf of NMHC in the form of guarantees to certain financial institutions.

MARIANAS PUBLIC LAND TRUST

Combining Statement of Net Assets  
September 30, 2007

<u>ASSETS</u>	<u>General Fund</u>	<u>Park Fund</u>	<u>Eliminations</u>	<u>Total</u>
Current assets:				
Cash and cash equivalents	\$ 4,739,671	\$ 355,913	\$ -	\$ 5,095,584
Receivables:				
Notes, current portion	-	107,400	-	107,400
Accrued income	2,331,460	37,443	-	2,368,903
Other	549	-	-	549
Due from CNMI Government	-	6,868	-	6,868
Due from other funds	5,196	-	(5,196)	-
Prepaid expense	4,435	-	-	4,435
Total current assets	<u>7,081,311</u>	<u>507,624</u>	<u>(5,196)</u>	<u>7,583,739</u>
Other assets, restricted:				
Investments	<u>56,736,154</u>	<u>6,170,871</u>	<u>-</u>	<u>62,907,025</u>
Total other assets, restricted	<u>56,736,154</u>	<u>6,170,871</u>	<u>-</u>	<u>62,907,025</u>
Noncurrent assets:				
Notes receivable, net of current portion and allowance for doubtful accounts of \$4,143,156	4,996,623	1,504,443	-	6,501,066
Capital assets (net of accumulated depreciation)	<u>26,135</u>	<u>-</u>	<u>-</u>	<u>26,135</u>
Total noncurrent assets	<u>5,022,758</u>	<u>1,504,443</u>	<u>-</u>	<u>6,527,201</u>
	<u>\$ 68,840,223</u>	<u>\$ 8,182,938</u>	<u>\$ (5,196)</u>	<u>\$ 77,017,965</u>
<u>LIABILITIES AND NET ASSETS</u>				
Current liabilities:				
Accounts payable	\$ 22,413	\$ 1,658	\$ -	\$ 24,071
Due to other funds	-	5,196	(5,196)	-
Due to CNMI Government	2,241,498	-	-	2,241,498
Accrued expenses	<u>4,716</u>	<u>-</u>	<u>-</u>	<u>4,716</u>
Total liabilities	<u>2,268,627</u>	<u>6,854</u>	<u>(5,196)</u>	<u>2,270,285</u>
Net assets:				
Invested in capital assets	26,135	-	-	26,135
Restricted:				
Principal	66,545,461	8,055,268	-	74,600,729
Income	<u>-</u>	<u>120,816</u>	<u>-</u>	<u>120,816</u>
Total net assets	<u>66,571,596</u>	<u>8,176,084</u>	<u>-</u>	<u>74,747,680</u>
	<u>\$ 68,840,223</u>	<u>\$ 8,182,938</u>	<u>\$ (5,196)</u>	<u>\$ 77,017,965</u>

See Accompanying Independent Auditors' Report.

MARIANAS PUBLIC LAND TRUST

Combining Statement of Revenues, Expenses and Changes in Net Assets  
Year Ended September 30, 2007

	General Fund	Park Fund	Eliminations	Total
Operating revenues:				
Net increase in the fair value of investments	\$ 4,742,997	\$ 513,978	\$ -	\$ 5,256,975
Interest income	2,434,602	295,373	-	2,729,975
Dividend income	379,156	36,177	-	415,333
Total operating revenues	<u>7,556,755</u>	<u>845,528</u>	<u>-</u>	<u>8,402,283</u>
Operating expenses:				
Money manager fees	183,093	19,433	-	202,526
Consultancy fees	120,808	13,176	-	133,984
Salaries and benefits	70,163	8,671	-	78,834
Contract services	59,630	7,370	-	67,000
Money management administration	44,317	5,477	-	49,794
Office supplies	34,147	4,267	-	38,414
Rent and utilities	19,025	2,351	-	21,376
Professional fees	20,595	464	-	21,059
Trustees' expenses	15,489	1,765	-	17,254
Audit	9,100	1,125	-	10,225
Depreciation	8,975	-	-	8,975
Total operating expenses	<u>585,342</u>	<u>64,099</u>	<u>-</u>	<u>649,441</u>
Operating income	<u>6,971,413</u>	<u>781,429</u>	<u>-</u>	<u>7,752,842</u>
Other nonoperating income (expenses):				
Loss on disposal of fixed assets	(368)	-	-	(368)
Transfer in from DPL	1,250,000	-	-	1,250,000
Net contribution to the CNMI General Fund	<u>(2,228,048)</u>	<u>(208,917)</u>	<u>-</u>	<u>(2,436,965)</u>
Total nonoperating income (expenses), net	<u>(978,416)</u>	<u>(208,917)</u>	<u>-</u>	<u>(1,187,333)</u>
Change in net assets	5,992,997	572,512	-	6,565,509
Net assets at beginning of year	<u>60,578,599</u>	<u>7,603,572</u>	<u>-</u>	<u>68,182,171</u>
Net assets at end of year	<u>\$ 66,571,596</u>	<u>\$ 8,176,084</u>	<u>\$ -</u>	<u>\$ 74,747,680</u>

See Accompanying Independent Auditors' Report.



MARIANAS PUBLIC LAND TRUST

Combining Statement of Cash Flows  
Year Ended September 30, 2007

	General Fund	Park Fund	Eliminations	Total
Cash flows from operating activities:				
Cash received from operations	\$ 2,066,355	\$ 336,006	\$ -	\$ 2,402,361
Cash payments to suppliers for goods and services	(963,613)	(119,241)	-	(1,082,854)
Net cash provided by operating activities	<u>1,102,742</u>	<u>216,765</u>	<u>-</u>	<u>1,319,507</u>
Cash flows from noncapital financing activities:				
Cash received from DPL	1,250,000	-	-	1,250,000
Net operating transfers out	-	(208,917)	-	(208,917)
Net cash provided by (used for) noncapital financing activities	<u>1,250,000</u>	<u>(208,917)</u>	<u>-</u>	<u>1,041,083</u>
Cash flows from capital and related financing activities:				
Acquisition of property and equipment	(8,583)	-	-	(8,583)
Net cash used for capital and related financing activities	<u>(8,583)</u>	<u>-</u>	<u>-</u>	<u>(8,583)</u>
Cash flows from investing activities:				
Net decrease in notes receivable	-	101,100	-	101,100
Net decrease (increase) in restricted assets	207,350	(41,058)	-	166,292
Net cash provided by investing activities	<u>207,350</u>	<u>60,042</u>	<u>-</u>	<u>267,392</u>
Net increase in cash and cash equivalents	2,551,509	67,890	-	2,619,399
Cash and cash equivalents at beginning of year	2,188,162	288,023	-	2,476,185
Cash and cash equivalents at end of year	<u>\$ 4,739,671</u>	<u>\$ 355,913</u>	<u>\$ -</u>	<u>\$ 5,095,584</u>
Reconciliation of operating income to net cash provided by operating activities:				
Operating income	\$ 6,971,413	\$ 781,429	\$ -	\$ 7,752,842
Adjustments to reconcile operating income to net cash provided by operating activities:				
Net increase in fair value of investments	(4,742,997)	(513,978)	-	(5,256,975)
Depreciation	8,975	-	-	8,975
(Increase) decrease in assets:				
Receivable - accrued income	(779,627)	4,456	-	(775,171)
Due from other funds	31,563	-	(31,563)	-
Other receivable	661	-	-	661
Prepaid expense	(4,435)	-	-	(4,435)
Increase (decrease) in liabilities:				
Accounts payable	(27,194)	(329)	-	(27,523)
Due to other funds	-	(31,563)	31,563	-
Due to CNMI Government	(270,602)	-	-	(270,602)
Payable to brokers	(85,664)	(23,250)	-	(108,914)
Accrued expenses	649	-	-	649
Net cash provided by operating activities	<u>\$ 1,102,742</u>	<u>\$ 216,765</u>	<u>\$ -</u>	<u>\$ 1,319,507</u>

Supplemental schedule of noncash operating, financing and investing activities:

During the year ended September 30, 2007, MPLT recorded transfers out to the General Fund of the CNMI Government resulting in an increase in net contribution to the General Fund and due to CNMI Government of \$2,228,048.

See Accompanying Independent Auditors' Report.

MARIANAS PUBLIC LAND TRUST

SCHEDULE 1A

Schedule of Investments - General Fund  
September 30, 2007

<u>Equities</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Ratings</u>
<u>Common Stock</u>			
Abott Laboratories	\$ 486,903	\$ 482,580	
Ace Ltd	259,109	321,021	
Altria Group, Inc.	209,642	229,449	
American Int's Group	224,820	230,010	
American Tower Corp	173,286	252,532	
Apple Computer Inc	419,635	900,102	
AT&T Inc	246,550	253,860	
Boeing Co	602,100	734,930	
Celgene Corp	371,678	606,135	
Cisco Sys Inc.	366,569	579,757	
Companhia Vale Di Rio	412,922	529,308	
Conocophillips	246,023	245,756	
Corning Inc	218,261	248,965	
CVS Caremark Corp	534,037	599,007	
Deere & Co	307,889	341,366	
Dell Inc	166,688	160,080	
Freeport McMoran Copper & Gold	275,191	377,604	
Gilead Sciences Inc	452,433	572,180	
Goldman Sachs Group Inc	166,604	173,392	
Goodrich Corp	433,838	641,362	
Google Inc	448,572	963,792	
Hewlett Packard Co	396,127	542,711	
Intel Corp	313,100	328,422	
Int'l Business Machines Corp	452,393	530,100	
Intercontinental Exchange Inc	272,508	288,610	
Lehman Brothers Holdings Inc	329,017	339,515	
Loews Corp	257,508	246,585	
Loews Corp Carlina Group	240,792	254,913	
McDonalds Corp	281,317	326,820	
Medco Health Solutions Inc	280,887	370,599	
Merck & Co Inc	457,023	465,210	
Microsoft Corp	419,135	459,576	
Nii Hldgs Inc	216,859	246,450	
Nokia Corp	242,406	307,233	
Nyse Group Inc	170,086	213,759	
Prudential Financial Inc	251,394	253,708	
Qualcomm Inc	170,820	177,492	
Research in Motion Ltd	166,955	177,390	
Schlumberger Ltd	538,812	845,355	
Texas Instruments Inc.	226,511	226,858	
Union Pacific Corp	281,794	271,344	
United Technologies Corp	235,939	249,488	
Weatherford Intl Ltd	171,419	167,950	
Subtotal - Atalanta Sosnoff	<u>13,395,552</u>	<u>16,733,276</u>	
Advantest Corp Spon Adr	78,869	49,584	
Aeon Company Ltd.	55,377	47,977	
Air Liquide	19,751	84,368	
Alacatel Sa	66,217	53,954	
Astrazeneca Plc Spon	61,130	70,098	
Bae Systems Plc Spon	43,888	112,610	
BASF Ag Spons	43,019	110,769	
Barclays Plc	65,031	77,792	
Bunge Limited	54,312	134,312	
Business Objects Sa	36,336	85,253	

See Accompanying Independent Auditors' Report.

MARIANAS PUBLIC LAND TRUST

SCHEDULE 1A

Schedule of Investments - General Fund  
September 30, 2007

<u>Equities, Continued</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Ratings</u>
<u>Common Stock, Continued</u>			
Commerzbank A G Spon	73,371	80,978	
Deutsche Telekom Ag Sp	56,008	62,816	
Diageo Plc Spon	51,797	92,117	
Enersis S.A. Sponsored	35,476	101,118	
HSBC Hldg Plc Sp	61,827	75,376	
Invensys Ltd	75,592	62,578	
Kao Corp-Jpy Spons	63,038	77,538	
Komatsu Ltd.	20,857	120,819	
L Oreal Co	68,310	102,055	
Marui Ltd.	53,315	46,303	
Matsushita Elec Indl	50,895	72,345	
Mitsubishi UFJ Financial Group Inc	59,995	59,020	
NTT Docomo Inc. Spons	59,495	44,144	
Nestle S A Sponsored	54,546	100,732	
Nokia Corp Sponsored	53,365	121,376	
Nortel Networks Corp	73,230	40,752	
Novartis Ag	63,822	65,952	
Orix Corp Spons	41,584	90,680	
Repsol S A Sponsored	49,176	85,200	
Royal Caribbean Cruises	82,235	70,254	
Royal Dutch Shell Plc	75,578	86,289	
Suez SA Spon	21,349	64,609	
Sumitomo Trust & Banking Co. Lt-Jpy Spons	56,605	62,715	
Teva Pharmaceutical Inds	73,714	93,387	
Toray Industries Inc.	49,560	87,223	
Total S.A. Spons	52,251	89,133	
Toto Ltd	82,930	61,561	
Unilever Nv Ny Shs-New	71,396	92,550	
Vodafone Group Plc Sp	55,346	76,666	
Subtotal - Met West	<u>2,210,593</u>	<u>3,113,003</u>	
UBS Ag-Chf	63,067	88,395	
ABB Ltd	45,405	66,755	
Allianz SE	30,992	33,160	
Axa S.A. Spons	31,004	67,807	
Banco Bilbao Vizcaya-Sp	51,610	58,782	
Bank Yokohama Ltd Japan	24,187	20,684	
BASF Ag Spons	10,725	27,692	
BG Group Plc Spon	12,818	33,180	
BNP Paribas Spons	40,479	72,303	
Barclays Plc	61,228	78,035	
BHP Billiton Ltd Spons	25,990	78,993	
British American Tobacco Plc	22,702	54,705	
Canon Inc.	28,170	49,132	
Companhia Vale Di Rio Doce	10,765	76,682	
DBS Group Hldg Ltd	44,376	42,779	
ENI Spa Sponsored	51,260	90,504	
E Onag Spons	29,530	53,940	
Ericsson L M Tel Co.	32,529	42,984	
Fomento Economico Mexicano S A Spons	10,320	26,554	
Fortis NL Sponsored	26,257	40,535	
Glaxosmithkline Plc Sp	50,227	68,096	
HSBC Hldg Plc Sp	72,548	89,359	
Honda Motor Co. Ltd.	24,048	33,694	
Ing Groep NV Spons	50,072	68,902	

See Accompanying Independent Auditors' Report.

MARIANAS PUBLIC LAND TRUST

SCHEDULE 1A

Schedule of Investments - General Fund  
September 30, 2007

<u>Equities, Continued</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Ratings</u>
<u>Common Stock, Continued</u>			
Ireland Bank Spons	27,542	38,846	
Kingfisher Plc Sponsored	28,542	19,454	
Koninklijke Philips Electronics NS Spon	18,875	36,626	
Lafarge Spons Adr New Lafarge Coppee	46,351	84,404	
Mitsubishi Corp Spons	41,221	104,122	
Mitsubishi Est Co Ltd	27,254	41,477	
Mitsubishi UFJ Financial Group Inc	52,221	52,619	
National Grid Plc Gbp Spon	19,380	32,975	
Nestle S A Sponsored	41,169	76,668	
News Corp.	20,475	30,173	
Nidec Corporation Spon	55,553	54,168	
Nissan Mtr Ltd	50,343	42,021	
Nokia Corp Sponsored	28,916	78,705	
Nomura Holdings Inc	30,833	25,474	
Novartis Ag	57,147	63,754	
Petrobras	32,429	55,870	
Reed Elsevier NV-NLG	25,594	35,692	
Rhodia Inc	20,422	14,770	
Roche Hldg Ltd. Spon	33,950	63,247	
Sanofi-Aventis Spoons	46,232	42,844	
Sap Aklengesellschaft Spons	40,994	52,216	
Secom Ltd.	11,548	14,905	
Siemens A G Spons	60,043	102,251	
Smith & Nephew Plc Sp	19,686	25,721	
Sony Corp Spon	53,051	58,633	
Sumitomo Mitsui Finl Group Inc	64,816	48,287	
Taiwan Semiconductor Mfg. Co. Ltd.	38,840	37,120	
Tesco Plc Sponsored	50,029	79,064	
Total S.A. Sponsored	65,025	107,770	
Vodafone Group Plc Sp	62,055	87,773	
WPP Group Plc Spon	32,335	39,825	
Wolseley Plc Sponsored	35,542	36,593	
Wolters Kluwer N V Sp	17,623	30,053	
Zurich Fincl Svcs Spon	25,588	52,019	
Subtotal - JP Morgan	2,131,933	3,129,791	
Total Common Stock	17,738,078	22,976,070	
Total Equities	17,738,078	22,976,070	
<u>Fixed Income Securities</u>			
<u>Mortgage and Asset Backed Securities</u>			
FHLMC PL#E20222 @ 6.500%, due 02.01/11	8,841	9,058	AAA
FHLMC PL#G12213 @ 5.500% due 03.01/21	234,460	238,002	AAA
FHLMC PL#G12333 @ 4.500%, due 06.01/21	689,791	694,224	No rating
Bear Stears Commercial Mort SE @ 5.186%, due 09/11/13	186,047	173,525	AAA
Caterpillar Financial Asset Tr @ 5.34%, due 6.25.12	249,946	249,946	AAA
CS First Boston Mortgage SEC @ 6.133%, due 4.15.37	640,552	647,669	AAA
FNMA PL#603265 @ 5.500%, due 09.01/16	26,687	26,430	AAA
FNMA PL#725610 @ 5.500% 07.01.34	516,911	509,719	No rating
FNMA PL#725414 @ 4.50% due 05.01.19	46,435	45,904	AAA
FNMA PL#739168 @ 5.500%, due 09.01/18	29,673	28,604	AAA
FNMA PL#743002 @ 5.500%, due 10.01.18	23,552	22,721	AAA
FNMA PL#745506 @ 5.663% due 02.01.16	465,470	472,756	AAA

See Accompanying Independent Auditors' Report.

MARIANAS PUBLIC LAND TRUST

SCHEDULE 1A

Schedule of Investments - General Fund  
September 30, 2007

<u>Fixed Income Securities, Continued</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Ratings</u>
<u>Mortgage and Asset Backed Securities, Continued</u>			
Federal Home Loan @4.750% due 07/15/15	433,098	445,366	AAA
Federal Home Loan Mtg Corp @4.375% due 04/15/15	341,844	343,225	AAA
LB-UBS Commercial Mtg Trust @ 6.226% due 05/15/11	172,550	173,529	AAA
L-UBS Commercial Mtg Trust @ 5.594% due 06/15/31	311,836	305,076	AAA
GE Capital Commercial Mtg Trust @ 6.531% due 3/15/11	470,781	480,594	AAA
Greenwich Cap Coml Fdg Corp @4.305% due 08/10/42	335,563	344,876	AAA
JP Morgan Chase Coml Mtg Secs @ 4.625% due 03/15/46	335,723	336,627	AAA
Morgan Stanley Capital I @ 4.970% due 12/15/41	336,807	342,017	AAA
Wachovia Bank Comm Mort Trust @ 6.259% due 04/15/42	188,391	192,960	AAA
Wachovia Bank Comm Mort Trust @ 4.98% due 10/15/12	189,688	197,540	AAA
Wachovia Bank Comm Mort Trust @ 4.748% due 02/15/41	628,399	628,140	AAA
<b>Total Mortgage and Asset Backed Securities - Richmond</b>	<b>6,863,045</b>	<b>6,908,508</b>	
<u>Government Obligations</u>			
U.S. Treasury Bonds @ 4.750% due 02/15/37	757,986	803,728	AAA
U.S. Treasury Bonds @ 6.625% due 02/15/27	455,973	480,016	AAA
U.S. Treasury Bonds @ 5.375% due 02/15/31	96,680	96,342	AAA
U.S. Treasury Bonds @ 7.875% due 02/15/21	657,416	681,104	AAA
<b>Total Government Obligations - Richmond</b>	<b>1,968,055</b>	<b>2,061,190</b>	
<u>Government Agencies</u>			
Federal Natl Mtg Assn @ 4.125% due 04/15/14	276,276	279,398	AAA
Federal Home Loan MTG Corp @ 6.625% due 09/15/09	576,779	583,100	AAA
Federal Home Loan Bank @ 3.875% due 01/15/10	116,669	118,613	AAA
Federal Home Loan MTG Corp @ 4.875% due 11/15/13	253,868	261,547	AAA
<b>Total Government Agencies - Richmond</b>	<b>1,223,592</b>	<b>1,242,658</b>	
<u>Corporate Bonds</u>			
Aetna Inc. @ 5.750% due 06/15/2011	249,728	253,575	A-
Alcoa Inc. @ 7.375% due 08/01/10	183,137	170,000	BBB+
Aloca Inc @ 6.000% due 01/15/12	188,080	188,681	BBB+
Abbott Laboratories @ 5.875% due 05/15/16	355,709	358,124	AA
Allstate Corp. @ 7.200% due 12/01/09	143,514	157,146	A+
Allstate Corp. @ 5.000% due 08/15/14	211,292	210,212	A+
American Express @ 4.875% due 07/15/13	141,134	140,780	A+
American Express @ 5.500% due 09/12/16	186,139	183,580	A+
American Express @ 4.750% due 6/17/09	390,248	398,872	A+
American General Finance @ 5.375% due 10/01/12	221,850	221,465	A+
American Gen Fin Corp @ 5.400% due 12/1/15	169,799	167,590	A+
Anheuser Busch Cos Inc. @ 6.750% due 12/15/27	213,212	218,728	A
Archer Daniels Midland Co. @ 7.500% due 03/15/27	248,267	255,044	A
Associates Corp. @ 6.250% due 11-01-08	207,353	207,362	AA
Bank of America Corp @ 7.800% due 02/15/10	269,868	264,925	AA-
Bank of America Corp @ 5.125% due 11/15/14	127,759	132,253	AA
Bank New York Co Inc @ 4.950% due 03/15/15	245,320	239,047	A
BB&T Corp @ 4.750% due 10/01/12	100,388	102,778	A
BB&T Corp @ 5.200% due 12/23/15	333,545	337,204	A
Becton Dickinson & Co. @ 7.000% due 08/01/27	194,163	190,741	A-
BellSouth Telecommunication Global @ 5.200% due 09/15/14	102,487	96,476	A
Bershire Hathaway Fin Corp. @ 4.850% due 01/15/15	464,759	465,551	AAA
Bestfoods M.T.N @ 6.625% due 04/15/28	143,609	151,442	A-
Boeing Co. Deb @ 7.250% due 06/15/25	191,488	215,414	A-
Bristol Myers Squibb Co. @ 6.800% due 11/15/26	225,086	226,666	A-

See Accompanying Independent Auditors' Report.

MARIANAS PUBLIC LAND TRUST

SCHEDULE 1A

Schedule of Investments - General Fund  
September 30, 2007

<u>Fixed Income Securities, Continued</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Ratings</u>
<u>Corporate Bonds, Continued</u>			
Burlington Northern Santa Fe @ 6.150%, due 05/01/37	100,492	102,056	BBB
Campbell Soup Co. @ 8.875%, due 05/01/21	92,873	89,035	A
Carolina Power & Lt Co. @ 5.950%, due 03/01/09	175,332	191,623	BBB+
Caterpillar Fin Svc Crp @ 4.625%, due 06/01/15	99,426	94,264	A
Caterpillar Inc @ 5.700% due 8/15/16	74,846	75,134	A
Caterpillar Inc @ 6.625%, due 07/15/28	149,001	149,591	A
Chubb Corp. @ 6.800%, due 11/15/31	206,682	212,532	A
CIT Group Inc @ 5.000%, due 02/03/14	121,886	113,684	A
CIT Group Inc @ 5.000%, due 09/15/14	282,141	283,701	AA+
CitiGroup Inc @ 5.625% due 08/27/12	105,258	106,386	AA-
Coca-Cola Enterprises Inc. @ 8.500%, due 02/01/22	207,147	216,582	A
Cooper US Financial Inc @ 6.100%, due 07/01/17	282,380	286,986	A
Conoco Inc. @ 6.950%, due 04/15/29	181,127	175,973	A-
Consolidated Nat Gas @ 6.250% due 11/1/11	187,255	190,221	BBB
CSX Corporation @ 6.300%, due 03/15/12	220,703	215,494	BBB-
Daimler Chrysler N.A. Hldgs @ 7.200%, due 09/01/09	174,811	181,212	BBB+
Deere & Co. @ 8.100%, due 05/15/30	202,861	215,357	A
Disney (Walt) Global @ 5.625%, due 09/15/16	139,273	140,328	A-
Dover Corp. @ 6.500% due 02/15/11	384,191	390,135	A
Duke Energy Corp. @ 7.375%, due 03/01/10	195,332	189,599	A-
Du Pont E I De Nemours & Co. @ 6.875%, due 10/15/09	96,161	100,000	A
Eaton Corp. @ 7.650%, due 11/15/29	215,113	226,402	A
Eli Lilly & Co @ 6.570%, due 01/01/16	269,540	267,550	AA
Emerson Elec. Co. @ 5.500%, due 09/15/08	134,882	138,600	A
Equitable Cos Inc. @ 7.000%, due 04/01/28	182,759	206,686	A+
Federal Express Corp NT @ 9.650%, due 06/15/12	78,784	70,964	BBB
FPL Group Capital Inc. @ 7.375%, due 06/01/09	195,379	207,592	A-
Florida Power Corp @ 5.800%, due 09/15/17	195,220	195,593	A+
General Dynamics Corp @ 4.250%, due 05/15/13	287,630	287,377	A
General Elec Capital Copr @ 4.750% due 09/15/14	166,051	164,014	AAA
General Elec Cap Corp @ 4.875% due 10/21/10	59,832	60,131	AAA
General Elec Cap Corp @ 6.000% due 06/15/12	464,255	468,747	AAA
Genworth Financial Inc. @ 4.950%, due 10/01/15	318,632	319,994	A
Goldman Sachs Group @ 6.650%, due 05/15/09	184,829	199,969	AA-
Goldman Sachs Group @ 6.600%, due 01/15/12	73,813	68,305	AA-
Goldman Sachs Group @ 5.150% due 01/15/14	312,080	321,123	AA-
Grand Met Invt Corp. @ 9.000%, due 08/15/11	331,158	319,506	A-
GTE Corp. Debs @ 7.510%, due 04/01/09	115,653	103,266	A
Hersheys Food Corp @ 4.850%, due 08/15/15	230,628	225,408	A
Hershey Co. @ 5.450% due 09/01/16	69,781	67,964	A
Home Depot Inc Global @ 5.400% due 03/01/16	172,321	163,958	BBB+
Honeywell Intl Inc @ 5.400%, due 03/15/16	329,392	341,112	A
Household Fin Corp. @ 6.500% due 11/15/08	543,587	542,297	AA-
Household Fin Corp. @ 8.000%, due 07/15/10	175,853	171,710	AA-
IBM Corp. M/T/N @ 5.400%, due 10/01/08	130,164	144,638	A+
IBM Corp. Debs-BK @ 7.000% due 10/30/25	160,309	159,836	A+
IBM Corp. @ 4.750% due 11/29/12	146,577	152,787	A-
Illinois Tool Works @ 5.750%, due 03/01/09	90,004	85,620	AA
Johnson & Johnson NT @ 6.730%, due 11/15/23	105,593	110,870	A
JP Morgan Chase & Co @ 5.375%, due 01/15/14	323,697	327,806	AA
Key Bank N A DTD @ 5.700%, due 08/15/12	26,283	25,096	A-
Key Bank N A Book @ 4.950% due 09/15/15	205,942	205,990	A-
Kimberly Clark Corp @ 5.625% due 02/15/12	274,183	277,635	A-
Kimberly Clark @ 6.625%, due 08/01/37	44,924	48,022	A-
Lehman Bros Hldg. Inc. @ 5.500%, due 04/04/16	39,174	37,990	A-

See Accompanying Independent Auditors' Report.

MARIANAS PUBLIC LAND TRUST

SCHEDULE 1A

Schedule of Investments - General Fund  
September 30, 2007

<u>Fixed Income Securities, Continued</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Ratings</u>
<u>Corporate Bonds, Continued</u>			
Lehman Brothers Hldgs @ 4.500% due 07/26/10	288,600	293,244	A+
Lehman Bros Hldg Jr @ 6.500%, due 07/19/17	83,891	86,200	A
Lincoln Natl Corp. Ind. @ 6.500%, due 03/15/08	84,076	90,616	A+
Lincoln Natl Corp. Dtd @ 6.200% due 12/15/11	316,057	321,256	A+
Marshall & Ilsley @ 3.800% due 02/08/08	97,303	99,407	A+
Marshall & Ilsley @ 4.375%, due 08/01/09	148,919	148,371	A
McDonald's Corp @ 5.300%, due 03/15/17	261,971	257,461	A
Mellon Funding @ 5.000%, due 12/01/14	220,547	219,615	A
Merrill Lynch & Co. @ 5.000%, due 02/03/14	121,326	116,674	AA-
Merrill Lynch & Co. @ 5.450%, due 07/15/14	290,321	292,454	AA-
Metlife Inc. @ 5.500%, due 06/15/14	141,128	134,294	A
Metlife Inc. @ 6.125% due 12/01/11	188,937	191,270	A
Metlife Inc. @ 5.000% due 06/15/15	77,086	76,536	A
Michigan Bell Tel. Co. Debs @ 7.850%, due 01/15/22	104,479	97,026	A
Morgan J P & Co @ 6.000% due 01/15/09	425,880	423,919	A+
Morgan Stanley Dean Witter @ 6.600%, due 04/01/12	311,319	311,577	AA-
Morgan Stanley Dean Witter @ 6.750%, due 04/15/11	110,545	99,287	AA-
Morgan Stanley Global @ 4.750%, due 04/01/14	85,460	84,539	A+
National City Corp. @ 3.125% due 04/30/09	529,313	550,355	A
Pepsi Bottling Group Inc. @ 7.000%, due 03/01/29	200,286	198,271	A
Pitney Bowes Inc. @ 3.875% due 06/15/13	240,670	252,185	A+
Phillips Pete Co. NT @ 9.375%, due 02/15/11	48,746	45,061	A-
Procter & Gamble @ 6.450% due 01/15/26	84,491	79,734	AA-
Prudential Financial @ 6.100%, due 06/15/17	270,547	276,102	A+
Sara Lee Corp @ 6.125%, due 11/01/32	42,454	36,720	BBB+
SLM Corp. @ 5.375%, due 05/15/14	83,581	71,011	BBB+
Southwestern Bell Telephone Co. M/T/N @ 6.550%, due 10/07/08	103,592	101,261	A
St. Paul Companies Inc. M/T/N @ 8.125%, due 04/15/10	59,710	64,045	A-
Suntrust Banks Inc. @ 6.000% due 02/15/26	47,514	42,599	A
Sysco Corp. Deb @ 6.500%, due 08/01/28	64,026	68,108	A+
Travelers Cos Inc @ 5.750%, due 12/15/17	205,210	207,222	A-
United Parcel Svc Amer Inc @ 8.375%, due 04/01/20	152,689	156,746	AAA
United Technologies Corp. @ 6.500%, due 06/01/09	209,842	229,734	A
Verizon New England Inc. @ 6.500%, due 09/15/11	106,375	98,441	A
Wachovia Corp. @ 6.250%, due 08/04/08	100,492	101,190	A+
Wachovia Corp. @ 5.625%, due 12/15/08	95,082	110,742	A+
Wachovia Corp. @ 4.875%, due 02/15/14	173,741	172,602	A+
Wachovia Sub @ 6.375% due 02/01/09	204,294	203,558	A+
Wachovia Corp. @ 6.605% due 10/1/25	67,642	62,547	A+
Wal-Mart Stores Global @ 4.500%, due 07/01/15	275,968	270,477	AA
Walt Disney Co @ 5.875% due 12/15/17	90,566	91,595	A-
Walt Disney Co @ 6.375% due 03/01/12	92,880	94,455	A-
Wells Fargo Co. @ 6.375%, due 08/01/11	224,029	197,535	AA
Wells Fargo Co @ 5.125% due 09/15/16	149,237	149,098	AA
Wisconsin Pwr & Lt Co @ 6.375%, due 08/15/37	169,033	174,221	A-
Wisconsin Pwr & Lt Co. @ 5.700%, due 10/15/08	97,335	110,260	A-
Total Corporate Bonds - Richmond	<u>23,388,323</u>	<u>23,547,728</u>	
Total Fixed Income Securities	<u>33,443,015</u>	<u>33,760,084</u>	
Total Equities and Fixed Income Securities	<u>\$ 51,181,093</u>	<u>\$ 56,736,154</u>	

See Accompanying Independent Auditors' Report.

MARIANAS PUBLIC LAND TRUST

SCHEDULE 1B

Schedule of Investments - Park Fund  
September 30, 2007

<u>Equities</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Ratings</u>
<u>Common Stock</u>			
Ace Ltd	\$ 29,333	\$ 36,342	
Abbott Laboratories	74,447	75,068	
Altria Group Inc	28,328	31,289	
American Intl Group Co	39,250	40,590	
American Tower Corp	23,902	34,832	
Apple Computer Inc	59,842	136,742	
AT&T Inc.	36,982	38,079	
Boeing Co	69,268	83,992	
Celgene Corp	56,563	92,703	
Cisco Sys Inc	40,069	62,945	
Companhia Vale Di Rio	63,455	81,432	
Conocophillips	35,146	35,108	
Corning Inc	32,415	36,975	
CVS Caremark Corp.	94,297	112,351	
Deere & Co.	39,689	44,526	
Dell Inc.	37,525	35,880	
Freeport McMoran Copper & Gold	36,016	52,445	
Gilead Sciences Inc	78,156	85,827	
Goldman Sachs Group Inc	20,825	21,674	
Goodrich Corp	56,588	81,876	
Google Inc	51,568	114,588	
Hewlett Packard Co	52,005	69,706	
Hilton Hotels Corp	18,683	32,543	
Intel Corp.	46,908	49,134	
Intercontinental Exchange Inc.	27,608	30,380	
Intl Business Machines Corp	71,988	82,460	
Lehman Brothers Holdings Inc	47,830	49,384	
Lowes Companies Inc	35,252	33,845	
Loews Corp Carolina Group	38,924	41,115	
McDonalds Corp	32,786	38,129	
Medco Health Solutions Inc.	41,071	54,234	
Merck & Co Inc.	55,844	56,859	
Microsoft Corp	51,825	55,974	
Nii Hldgs Inc.	41,761	49,290	
NYSE Euronext	19,378	23,751	
Nokia Corp.	35,906	45,516	
Prudential Financial Inc.	37,955	39,032	
Qualcomm Inc.	33,078	33,808	
Research in Motion Ltd.	27,826	29,565	
Schlumberger Ltd	74,652	118,020	
Texas Instruments Inc.	33,089	32,931	
Union Pacific Corp.	35,224	33,918	
United Technologies Corp	38,256	40,240	
Unitedhealth Group Inc	26,032	24,215	
Weatherford Intl. Ltd.	27,429	26,872	
Subtotal - Atalanta Sosnoff	<u>1,954,974</u>	<u>2,426,185</u>	
Advantest Corp.	6,894	4,339	
Aeon Company Ltd	4,886	4,233	
Air Liquide	5,173	8,810	
Alcatel-Lucent	6,247	5,090	
Astrazeneca Plc Spon	5,257	6,008	
Bae Systems Plc Spon	5,486	14,076	
Barclays Plc	6,097	7,293	
Basf Ag Spons	5,378	13,846	

See Accompanying Independent Auditors' Report.



MARIANAS PUBLIC LAND TRUST

SCHEDULE 1B

Schedule of Investments - Park Fund  
September 30, 2007

<u>Equities, Continued</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Ratings</u>
<u>Common Stock, Continued</u>			
Bunge Limited	5,427	13,968	
Business Objects Sa	3,825	8,974	
Commerzbank	7,379	8,098	
Deutsche Telekom	4,376	4,907	
Diageo Plc Spon	4,933	8,773	
Enersis S.A. Sponsored	3,423	9,757	
HSBC Hldg Plc Sp	5,439	6,667	
Invensys Plc Spons	6,872	5,689	
Kao Corp - Jpy Spons	4,849	5,964	
Komatsu Ltd	2,317	13,424	
Royal Caribbean Cruises	7,340	6,245	
L Oreal Co	6,656	9,944	
Marui Ltd	5,078	4,410	
Matsushita Elec Indl	4,568	6,492	
Mitsubishi UFJ Financial Group Inc	5,538	5,448	
NTT Docomo Inc	3,838	2,848	
Nestle S A Sponsored	4,848	8,954	
Nokia Corp Sponsored	5,003	11,379	
Nortel Networks Corp	7,277	3,736	
Novartis Ag	5,290	5,496	
Orix Corp Spons	4,678	10,202	
Repsol S A Sponsored	5,123	8,875	
Royal Dutch Shell Plc	7,198	8,218	
Suez Sa Spon	2,135	6,461	
Sumitomo Trust & Banking Co Lt - JPY Spons	5,480	6,045	
Teva Pharmaceutical Inds.	7,020	8,894	
Toray Industries Inc	4,505	7,929	
Total S.A Spons	5,700	9,724	
Total Ltd.	7,805	5,794	
Unilever Nv NY SHS	7,140	9,255	
Vodafone Group Plc Spons	4,586	6,353	
Subtotal - Met West	<u>211,064</u>	<u>302,618</u>	
ABB Ltd.	4,460	6,557	
Allianz SE	3,045	3,258	
Axa S.A. Spons	2,916	6,468	
Banco Bilbao Vizcaya-Sp	4,869	5,587	
Bank Yokohama Ltd Japan	2,419	2,068	
BASF Ag Spons	1,065	2,769	
BG Group Plc Spon	1,129	3,016	
BNP Paribas Spons	3,806	6,821	
Barclays Plc	5,777	7,293	
BHP Billiton Ltd Spons	2,309	7,860	
British American Tobacco Plc	2,097	5,039	
Canon Inc.	2,605	4,615	
Companhia Vale Di Rio Adr Doce	987	7,125	
DBS Group hldg Ltd.	4,478	4,365	
ENI Spa Sponsored	4,773	8,630	
E On Ag Spons	2,914	5,210	
Ericsson L M Tel Co.	3,004	4,179	
Fomento Economico Mexicano S A Spons	1,080	2,805	
Fortis NL Sponsored	2,496	3,852	
Glaxosmithkline Plc Sp	4,891	6,650	
HSBC Hldg Plc Sp	6,809	8,334	
Honda Motor Co. Ltd.	2,342	3,336	

See Accompanying Independent Auditors' Report.

MARIANAS PUBLIC LAND TRUST

SCHEDULE 1B

Schedule of Investments - Park Fund  
September 30, 2007

<u>Equities, Continued</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Ratings</u>
<u>Common Stock, Continued</u>			
Ing Groep VN Spons	4,320	6,425	
Ireland Bank Spons	2,684	3,772	
Kingfisher Plc Sponsored	2,878	1,967	
Koninklijke Philips Electronics NS Spon	1,834	3,595	
Lafarge Spons Adr New Lafarge Coppee	4,480	8,112	
Mitsubishi Corp Spons	2,835	8,861	
Mitsubishi Est Co. Ltd	2,504	3,719	
Mitsubishi UFJ Financial Group Inc	4,946	5,039	
National Grid Plc Gbp Spon	1,787	3,049	
Nestle S A Sponsored	4,121	7,275	
News Corp.	1,913	2,807	
Nidec Corporation Spon	5,217	5,347	
Nissan MTR LTD Spons	4,982	4,102	
Nokia Corp Sponsored	2,628	7,586	
Nomura Holdings Inc.	2,931	2,498	
Novartis Ag	5,318	6,046	
Petrobras	3,407	5,285	
Reed Elsevier NV-NLG	2,399	3,417	
Rhodia Inc.	2,052	1,484	
Roche Hldg Ltd. Spon	3,130	5,873	
Sanofi-Adventis Spons	4,408	4,030	
Sap Aktengesellschaft Spons	3,890	4,987	
Secom Ltd.	1,118	1,442	
Siemens A G Spons	5,293	9,608	
Smith & Nephew Plc Sp	1,905	2,450	
Sony Corp Spon	5,052	5,527	
Sumitomo Mitsui Finl Group Inc	5,967	4,514	
Taiwan Semiconductor Mfg. Co. Ltd.	3,454	3,552	
Tesco Plc Sponsored	4,606	7,651	
Total S.A. Sponsored	6,048	10,129	
UBS Ag (New)	6,100	8,520	
Vodafone Group Plc Sp	6,041	8,531	
WPP Group Plc Spon	3,068	3,713	
Wolseley Plc Sponsored	3,433	3,574	
Wolters Kluwer N V Sp	1,709	2,961	
Zurich Fincl Svcs Spon	2,352	4,933	
Subtotal - JP Morgan	201,081	298,218	
Total Common Stock	2,367,119	3,027,021	
Total Equities	2,367,119	3,027,021	
<u>Fixed Income Securities</u>			
<u>Mortgage and Asset Backed Securities</u>			
Greenwich Cap Commercial Fund @ 4.533%, due 07/05/10	24,766	24,625	AAA
Greenwich Cap Com'l Fdg Corp @ 4.305%, due 08/10/42	28,763	29,561	AAA
GE Capital Commercial MTG @ 6.531% 03/15/11	46,055	47,015	AAA
FHLMC PL #E63380 @ 6.500%, due 03/01/11	655	671	AAA
CS First Boston Mortg SEC Corp @ 6.133% 03/15/12	76,866	77,720	AAA
Bear Stears Commercial Mort SE @ 5.186%, due 09/11/13	26,578	24,789	AAA
Federal Home Loan Mtg Corp @ 4.375% due 04/15/15	28,543	28,602	AAA
Federal Home Loan @ 4.750% due 07/15/15	57,746	59,382	AAA
FNMA PL # 603265 @ 5.500%, due 09/01/16	4,003	3,964	AAA
FNMA PL # 739168 @ 5.500%, due 09/01/18	4,946	4,767	AAA
FNMA PL # 743002 @ 5.500%, due 10/01/18	3,925	3,787	AAA

See Accompanying Independent Auditors' Report.

MARIANAS PUBLIC LAND TRUST

SCHEDULE 1B

Schedule of Investments - Park Fund  
September 30, 2007

<u>Fixed Income Securities, Continued</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Ratings</u>
<u>Mortgage and Asset Backed Securities, Continued</u>			
FNMA PL # 725414 @ 4.500%, due 05/01/19	26,120	25,821	AAA
FNMA PL # 745506 @ 5.663%, due 02/01/16	48,997	49,764	AAA
FNMA PL # 725610 @ 5.500%, due 07/01/34	67,059	66,126	No rating
FHLMC PL # G12333 @ 4.500%, due 06/01/21	61,957	62,355	No rating
L-UBS Commercial Mtg Trust @ 5.594%, due 06/15/31	25,487	25,423	AAA
L-UBS Commercial Mortgage Tr @ 5.124%, due 11/15/32	24,648	24,707	AAA
Morgan Stanley Capital I @ 4.970%, 12/15/41	33,681	34,202	AAA
Wachovia Bk Com'l Mtg Tr @ 4.980%, due 10/15/12	28,284	29,631	AAA
Wachovia BK Comm Mort Trust @ 4.748%, due 02/15/41	32,793	33,668	AAA
<b>Total Mortgage and Asset Backed Securities - Richmond</b>	<b>651,872</b>	<b>656,580</b>	
<u>Government Obligations</u>			
U.S. Treasury Bonds @ 4.750%, due 02/15/31	16,113	16,057	AAA
U.S. Treasury Bonds @ 4.750%, due 02/15/37	79,095	83,824	AAA
U.S. Treasury Bond @ 7.875%, due 02/15/21	62,622	64,867	AAA
U.S. Treasury Bonds @ 6.625%, due 02/15/27	46,141	48,609	AAA
<b>Total Government Obligations - Richmond</b>	<b>203,971</b>	<b>213,357</b>	
<u>Government Agencies</u>			
Federal Home Loan Mtg Corp @ 5.125%, due 10/15/08	19,980	20,138	AAA
Federal Home Loan Bank @ 3.875%, due 01/15/10	29,167	29,653	AAA
Federal National Mortgage Association @ 5.000%, due 02/13/17	20,059	20,044	AAA
Federal National Mortgage Association @ 4.125%, due 04/15/14	33,344	33,723	AAA
<b>Total Government Agencies - Richmond</b>	<b>102,550</b>	<b>103,558</b>	
<u>Corporate Bonds</u>			
Abbott Laboratories @ 5.875%, due 05/15/16	19,931	20,176	AA
Aetna Inc @ 5.750%, due 06/15/2011	20,426	20,286	A-
Alcoa Inc. @ 7.375%, due 08/01/10	37,634	35,000	BBB+
Allstate Corp @ 5.000%, due 08/15/14	28,813	28,665	A+
American Express @ 4.875%, due 07/15/13	9,733	9,709	A+
American Express @ 4.750%, due 06/17/09	43,903	44,873	A+
American Express Global @ 6.150%, due 08/28/17	9,974	10,092	A+
American Gen Fin corp @ 5.400%, due 12/01/15	4,939	4,788	A+
American General Finance @ 5.375%, due 10/01/12	24,650	24,607	A+
American General Finance @ 2.750%, due 06/15/08	19,222	19,656	A+
Anheuser Busch Cos. Inc. @ 6.750%, due 12/15/27	9,980	10,416	A
Archer Daniels Midland Co. @ 7.500%, due 03/15/27	22,730	23,186	A
Associates Corp. @ 6.250%, due 11/01/08	30,344	30,346	AA
Atlantic Richfield Co. @ 8.500%, due 04/01/12	6,317	5,729	AA+
Bank of America Corp. @ 5.125%, due 11/15/14	29,887	29,390	AA
Bank New York Co Inc @ 4.950%, due 03/15/15	24,051	23,436	A
BB&T Corp. @ 5.200%, due 12/23/15	28,393	28,903	A
Becton Dickinson & Co. @ 7.000%, due 08/01/27	5,380	5,298	A+
Bell South Telecommunications @ 6.375%, due 06/01/28	9,113	9,300	A
Bershire Hathaway Fin Corp @ 4.850%, due 01/15/15	43,283	43,196	AAA
Bestfoods M.T.N @ 6.625%, due 04/15/28	20,271	20,889	A+
Boeing Co. Deb @ 7.250%, due 06/15/25	15,764	17,006	A-
Boeing Capital Corp @ 7.375%, due 09/27/10	16,478	16,010	A-
Bristol Myers Squibb Co. @ 6.800%, due 11/15/26	21,518	21,587	A-
Burlington Northern Santa Fe @ 6.150%, due 05/01/37	4,785	4,860	BBB
Campbell Soup Co. @ 8.875%, due 05/01/21	6,634	6,360	A
Carolina Power & Lt Co. @ 5.950%, due 03/01/09	23,070	25,213	BBB-

See Accompanying Independent Auditors' Report.

MARIANAS PUBLIC LAND TRUST

SCHEDULE 1B

Schedule of Investments - Park Fund  
September 30, 2007

<u>Fixed Income Securities, Continued</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Ratings</u>
<u>Corporate Bonds, Continued</u>			
Caterpillar Fin Svc @ 4.625%, due 06/01/15	14,914	14,140	A
Caterpillar Inc. @ 5.700%, due 08/15/16	9,979	10,018	A
Chubb Corp. @ 6.600%, due 08/15/18	5,081	5,301	A
Chubb Corp. @ 6.800%, due 11/15/31	4,961	5,313	A
Citigroup Inc. @ 5.625%, due 08/27/12	20,049	20,264	AA-
Citi Group Inc @ 5.000%, due 02/13/14	24,377	22,737	A
Coca Cola Enterprises Inc. @ 8.500%, due 02/01/22	17,565	18,564	A
Coca Cola Enterprises Inc. @ 6.950%, due 11/15/26	5,732	5,481	A
Cooper US Financial Inc @ 6.100%, due 07/01/17	20,170	20,499	A
Conoco Inc @ 6.950%, due 04/15/29	16,520	16,497	A-
Consolidated Nat Gas @ 6.250%, due 11/01/11	20,244	20,564	BBB
CSX Corporation @ 6.300%, due 03/15/12	20,989	20,523	BBB-
Daimler Chrysler @ 7.200%, due 09/01/09	19,978	20,710	BBB+
Deere & Co. @ 8.100%, due 05/15/30	4,996	6,153	A
Dover Corp. @ 6.650%, due 06/01/28	5,188	5,147	A
Dover Corp. @ 6.500%, due 02/15/11	25,613	26,009	A
Duke Energy Corp. @ 7.375%, due 03/01/10	5,426	5,266	A-
Du Pont E I De Nemours & Co. @ 6.875%, due 10/15/09	19,232	20,000	A
Eaton Corp. @ 7.650%, due 11/15/29	9,050	11,610	A
Eli Lilly & Co DEBS Bk @ 6.570%, due 01/01/16	32,345	32,106	AA
Equitable Cos Inc. @ 7.000%, due 04/01/28	14,094	16,317	A+
Federal Express Corp. NT @ 9.650%, due 06/15/12	13,131	11,827	BBB
Florida Power Corp 1st Mtg @ 5.800%, due 09/15/17	20,023	20,061	A+
General Dynamics Corp @ 4.250%, due 05/15/13	9,430	9,422	A
General Elec Capital Corp @ 4.750%, due 09/15/14	4,884	4,824	AAA
General Elec Cap Corp @ 4.875%, due 10/21/10	34,902	35,076	AAA
General Elec Cap Corp @ 6.000%, due 06/15/12	20,510	20,604	AAA
Genworth Financial Inc. @ 4.950%, due 10/01/15	9,985	9,411	A
Goldman Sachs Group @ 6.650%, due 05/15/09	18,939	20,509	AA-
Goldman Sachs Group @ 6.600%, due 01/15/12	5,678	5,254	AA-
Goldman Sachs Group @ 5.150%, due 01/15/14	5,081	4,866	AA-
Goldman Sachs Group Inc @ 5.625%, due 01/15/17	19,095	19,000	A+
Grand Met Invst Corp @ 9.000%, due 08/15/11	35,767	33,751	A-
Heinz H J Co. @ 6.375%, due 07/15/28	5,157	4,878	BBB
Hershey Company @ 5.450%, due 09/01/16	34,971	33,982	A
Home Depot Inc @ 5.400%, due 03/01/16	19,726	18,738	BBB+
Honeywell Intl Inc Sr @ 5.400%, due 03/15/16	19,376	20,065	A
Household Fin Corp. @ 6.500%, due 11/15/08	35,562	35,477	AA-
Household Fin Corp. @ 8.000%, due 07/15/10	21,981	21,464	AA-
IBM Corp @ 7.000%, due 10/30/25	11,581	11,023	A+
IBM Corp @ 4.750%, due 11/29/12	14,185	14,786	A+
Illinois Tool Works @ 5.750%, due 03/01/09	10,589	10,073	AA
JP Morgan Chase & Co @ 5.375% 1/15/14	29,427	29,801	AA-
Johnson & Johnson NT @ 6.730%, due 11/15/23	10,194	11,087	AAA
Key Bank N A @ 5.700%, due 08/15/12	5,257	5,019	A-
Key Bank N A @ 4.950%, due 09/15/15	23,402	23,408	A-
Kimberly Clark Corp @ 5.625%, due 02/15/12	24,926	25,240	A-
Kimberly Clark Note @ 6.625%, due 08/01/37	4,992	5,336	A-
Lehman Brothers Hldgs @ 4.500%, due 07/26/10	33,670	34,212	A+
Lehman Brothers Hlgs Inc @ 5.500%, due 04/04/16	4,897	4,749	A+
Lincoln Natl Corp @ 6.200%, due 12/15/11	35,684	36,271	A-
Marshall & Ilsley @ 4.375%, due 08/01/09	19,856	19,783	A
McDonalds Corp. @ 5.300%, due 03/15/17	14,829	14,573	A
McDonalds Corp. @ 8.875%, due 04/01/11	31,282	27,750	A
Mellon Funding @ 5.000%, due 12/01/14	14,997	14,323	A

See Accompanying Independent Auditors' Report.

MARIANAS PUBLIC LAND TRUST

SCHEDULE 1B

Schedule of Investments - Park Fund  
September 30, 2007

<u>Fixed Income Securities, Continued</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Ratings</u>
<u>Corporate Bonds, Continued</u>			
Merrill Lynch & Co. Inc. @ 5.450%, due 07/15/14	14,644	14,871	AA-
Merrill Lynch & Co. Inc. @ 6.000%, due 02/17/09	10,995	10,107	AA-
Merrill Lynch & Co. Inc. @ 5.000%, due 02/03/14	10,118	9,723	AA-
Metlife Inc. @ 5.500%, due 06/15/14	15,681	14,922	A
Metlife Inc. @ 6.125%, due 12/01/11	20,426	20,678	A
Metlife Inc. @ 5.000%, due 06/15/15	9,636	9,567	A
Michigan Bell Tel. Co. Debs @ 7.850%, due 01/15/22	12,292	11,415	A
Morgan J P & Co @ 6.000%, due 01/15/09	50,700	50,467	A+
Morgan Stanley Dean Witter @ 6.750%, due 04/15/11	11,636	10,451	AA-
Morgan Stanley Global Sub @ 4.75%, due 04/01/14	27,815	28,180	A+
National City Corp. @ 3.125%, due 04/30/09	41,984	43,834	A
New York Telephone @ 6.000%, due 04/15/08	4,630	5,014	A
Pepsi Bottling Group Inc. @ 7.000%, due 03/01/29	22,254	22,030	A
Phillips Pete Co. NT @ 9.375%, due 02/15/11	12,187	11,265	A-
Pitney Bowes Credit Corp. @ 5.750%, due 08/15/08	42,800	40,060	A+
Pitney Bowes Inc @ 3.875%, due 06/15/13	13,371	14,010	A+
Procter & Gamble Co. @ 6.450%, due 01/15/26	8,442	10,631	AA-
Prudential Financial @ 6.100%, due 06/15/17	14,984	15,339	A+
Sara Lee Corp @ 6.125%, due 11/01/32	5,307	4,590	BBB+
SLM Corp. @ 5.375%, due 05/15/14	15,533	13,315	BBB+
Suntrust Banks Inc @ 6.000%, due 02/15/26	10,559	9,467	A
Sysco Corp @ 6.500%, due 08/01/28	4,727	5,239	A+
Travelers PPTY Cas @ 3.750%, due 03/15/08	34,393	34,693	A-
Travelers Cos Inc @ 5.750%, due 12/15/17	24,430	24,669	A-
United Technologies Corp @ 8.875%, due 11/15/19	13,734	12,566	A
US Bank NA @ 4.800%, due 04/15/15	4,789	4,713	A
US Bank NA @ 6.375%, due 08/01/11	23,056	20,830	AA
Verizon New England Inc. @ 6.500%, due 09/15/11	11,197	10,362	A
Wal-Mart Stores @ 6.875%, due 08/10/09	14,941	15,572	AA
Wal-Mart Stores Global @ 4.500%, due 07/01/15	28,379	27,980	AA
Walt Disney Co Ltd @ 5.875%, due 12/15/17	10,063	10,177	A-
Walt Disney Co Ltd @ 6.375%, due 03/01/12	15,480	15,742	A-
Wachovia Corp. New @ 5.625%, due 12/15/08	12,966	15,101	A+
Wachovia Corp. @ 4.875%, due 02/15/14	19,474	19,178	A+
Wachovia Sub @ 6.375%, due 02/01/09	25,537	25,445	A+
Wells Fargo Co @ 5.125%, due 09/15/16	28,562	28,858	AA
Wisconsin Pwr & Lt Co @ 6.375%, due 08/15/37	14,915	15,372	A-
Wisconsin Pwr & Lt Co. @ 5.700%, due 10/15/08	30,970	35,083	A-
Total Corporate Bonds - Richmond	<u>2,171,299</u>	<u>2,170,355</u>	
Total Fixed Income Securities	<u>3,129,692</u>	<u>3,143,850</u>	
Total Equities and Fixed Income Securities	<u>\$ 5,496,811</u>	<u>\$ 6,170,871</u>	

See Accompanying Independent Auditors' Report.

MARIANAS PUBLIC LAND TRUST

SCHEDULE 2

Schedule of Administrative Expenses  
 Compared to Budget  
 Year Ended September 30, 2007

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Money manager fees	\$ 201,803	\$ 202,526	\$ (723)
Consultancy fees	133,985	133,984	1
Salaries and benefits	73,689	78,834	(5,145)
Contract services	67,001	67,000	1
Money management administration	49,794	49,794	-
Office supplies	38,290	38,414	(124)
Professional fees	23,903	21,059	2,844
Rent and utilities	21,435	21,376	59
Trustees' expenses	19,691	17,254	2,437
Audit	10,225	10,225	-
Depreciation	9,017	8,975	42
	<u>\$ 648,833</u>	<u>\$ 649,441</u>	<u>\$ (608)</u>
Total			

See Accompanying Independent Auditors' Report.