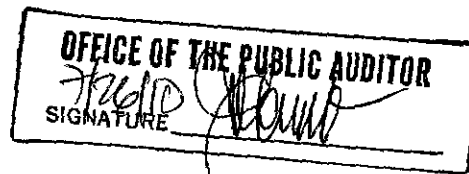


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MARIANAS PUBLIC LAND TRUST
(A COMPONENT UNIT OF THE COMMONWEALTH
OF THE NORTHERN MARIANA ISLANDS)

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT

YEARS ENDED SEPTEMBER 30, 2009 AND 2008

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, 2009 and 2008, 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, 2009 and 2008, and its changes in net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in note 11 to the financial statements, due to CNMI Government and net contribution to the CNMI General Fund/American Memorial Park as of and for the year ended September 30, 2008 have been restated.

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 32 through 34 and schedules of investments and administrative expenses compared to budget presented on pages 35 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 2009 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 June 30, 2010, on our consideration of internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Deloitte + Touche LLC

June 30, 2010

Management's Discussion and Analysis Year Ended September 30, 2009

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, 2009. 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 Commonwealth 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 to 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, 2007 and 2008, additional distributions were received of \$1,000,000, \$1,250,000 and \$3,500,000, respectively, from the Marianas Public Land Corporation and its successor, the Department of Public Lands. These amounts 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, 2009, 2008 and 2007.

- The assets of MPLT increased in 2009 by \$3,566,633 over the amount at 2008. This increase in assets was due primarily to the increase in fair value of investments beginning in March 2009. But the partial recovery did allow the Trust to regain a substantial portion of the loss occurring in 2008.

The assets of MPLT decreased in 2008 by \$6,157,585 over the amount at 2007. This decrease in assets was due primarily to the decrease in fair value of investments. Commencing in 2008, the World went into a severe recession causing valuations to suffer. Even so, the rate of return on investments for 2008 showed a minimal loss due to asset allocation.

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 increase in fair value of investments. The rate of return on investment for 2007 showed a very good performance.

- Total liabilities for 2009 decreased by \$13,721 from 2008 due to a decrease of accounts payable and accrued expenses of \$30,544, a decrease of \$103,131 in due to CNMI General Fund, and an increase of \$119,954 in due to brokers.

Total liabilities for 2008 increased by \$2,446,195 over the amount from 2007 attributable to a restatement of the financial statements from a recognition of an additional amount due to the CNMI General Fund of \$4,100,000 resulting from a reclassification of principal to income; less the previous net change in distribution payable to the CNMI General Fund of \$1,807,977. There was a net increase in accounts payable and accrued expenses of \$39,992. Payable to brokers increased by \$114,180.

Total liabilities for 2007 increased by \$1,821,658 over the amount from 2006 due to increased distribution payable to the CNMI General Fund of \$1,957,446. There was a net decrease in accounts payable and accrued expenses of \$26,874. Payable to brokers decreased by \$108,914.

- The above changes resulted in an increase in net assets of \$3,580,354 for 2009, a decrease in net assets of \$8,603,780 for 2008 and an increase in net assets of \$6,565,509 for 2007.
- 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 2009, 2008 and 2007 were \$6,643,905, \$(4,636,399) and \$8,402,283, respectively.
- The total performance of MPLT for 2009 was 10% due to the partial recovery from the recession, 2008 was -6.2% due to the global recession and 2007 was 12.4% illustrating the market growth leading up to the "bubble" collapse in 2008.
- The overall administrative costs decreased in 2009 by 11% or \$98,993. This was due primarily to the decline in money management fees, consultancy fees, salaries and benefits, offices expenses and professional fees.

The overall administrative costs increased in 2008 by 43% or \$279,772. This was due primarily to the new costs associated with the administration of the NMHC loans and increases in salaries, office supplies, legal fees and travel.

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 to maximize distribution to beneficiaries and minimize expenses.

MPLT General Fund Operations

The Board of Trustees has not changed its Investment Policy Statement since 2006 when the asset allocation was amended 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 local investments program. The investment income for 2009, 2008 and 2007 was \$2,777,718, \$3,073,216 and \$2,813,758, respectively.

The distributions to the CNMI General Fund paid for 2009, 2008 and 2007 was \$2,013,563, \$6,319,596 and \$2,228,048, respectively. The cumulative amount distributed to the CNMI General Fund since inception in 1983 has been \$46,098,737. This has occurred while growing the principal fund by \$30,316,931 for the same time-period. The General Fund's annual return for 2009 was 10%, 2008 was -6.15% and 2007 was 12.6%.

The Board of Trustees made one local investment in 2008 as a loan to the Commonwealth Utilities Corporation (CUC) in the amount of \$3,500,000 for three years at an interest rate of 7%. CUC is paying the interest on a monthly basis. In 2009, \$1,700,000 was paid on the principal as an offset to the annual CNMI distribution. The balance will be paid in 2010 and 2011 from the annual distributions to the General Fund.

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 \$4,172,000 was recognized by MPLT as of September 30, 2009. Interest on this investment is being recognized based upon collections.

General Fund Condensed Financial Statements Summaries:

STATEMENTS OF NET ASSETS

<u>Assets</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Current assets	\$ 19,474,121	\$ 3,993,000	\$ 7,081,311
Other assets, restricted	40,548,730	50,652,080	56,736,154
Notes receivable - noncurrent portion	6,353,679	8,486,883	4,996,623
Capital assets	333,931	350,571	26,135
Total	<u>\$ 66,710,461</u>	<u>\$ 63,482,534</u>	<u>\$ 68,840,223</u>
<u>Liabilities and Net Assets</u>			
Current liabilities	<u>\$ 4,700,928</u>	<u>\$ 4,693,184</u>	<u>\$ 2,268,627</u>
Invested in capital assets	333,931	350,571	26,135
Restricted	<u>61,675,602</u>	<u>58,438,779</u>	<u>66,545,461</u>
Net assets	<u>62,009,533</u>	<u>58,789,350</u>	<u>66,571,596</u>
Total	<u>\$ 66,710,461</u>	<u>\$ 63,482,534</u>	<u>\$ 68,840,223</u>

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

	<u>2009</u>	<u>2008</u>	<u>2007</u>
Operating revenues, net	\$ 5,997,902	\$ (4,109,029)	\$ 7,556,755
Operating expenses	(764,156)	(853,621)	(585,342)
Nonoperating income (expenses), net	<u>(2,013,563)</u>	<u>(2,819,596)</u>	<u>(978,416)</u>
Change in assets	3,220,183	(7,782,246)	5,992,997
Beginning net assets	<u>58,789,350</u>	<u>66,571,596</u>	<u>60,578,599</u>
Ending net assets	<u>\$ 62,009,533</u>	<u>\$ 58,789,350</u>	<u>\$ 66,571,596</u>

STATEMENTS OF CASH FLOWS

	<u>2009</u>	<u>2008</u>	<u>2007</u>
Cash flows from operating activities	\$ 2,489,569	\$ 1,550,879	\$ 1,102,742
Cash flows from noncapital financing activities	(313,563)	1,700,000	1,250,000
Cash flows from capital and related financing activities	(1,622)	(339,089)	(8,583)
Cash flows from investing activities	<u>13,637,499</u>	<u>(4,705,535)</u>	<u>207,350</u>
Net increase (decrease) in cash and cash equivalents	15,811,883	(1,793,745)	2,551,509
Cash and cash equivalents at beginning of year	<u>2,945,926</u>	<u>4,739,671</u>	<u>2,188,162</u>
Cash and cash equivalents at end of year	<u>\$ 18,757,809</u>	<u>\$ 2,945,926</u>	<u>\$ 4,739,671</u>

Capital Assets:

At September 30, 2009, 2008 and 2007, MPLT had \$333,931, \$350,571, and \$26,135, respectively, in capital assets, net of accumulated depreciation where applicable, including furniture, fixtures and equipment, vehicles and land, which represent a net decrease in 2009 of \$16,640, increase in 2008 of \$324,436, decrease in 2007 of \$760. 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 2009 was 8.8%, 2008 was - 6.49%, and 2007 was 11.2%. The Park Fund has not suffered local investment 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 \$7,496,186. This has been accomplished while distributing \$4,715,099 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>
Total	<u>\$ 4,000,000</u>

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

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 have been made to the Investment Policy Statement in 2009.

Park Fund Condensed Financial Statements Summaries:

STATEMENTS OF NET ASSETS

<u>Assets</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Current assets	\$ 1,938,718	\$ 843,165	\$ 507,624
Other assets, restricted	4,557,372	5,201,873	6,170,871
Notes receivable - noncurrent portion	1,254,243	1,379,643	1,504,443
Total	<u>\$ 7,750,333</u>	<u>\$ 7,424,681</u>	<u>\$ 8,182,938</u>

STATEMENTS OF NET ASSETS, CONTINUED

<u>Liabilities and Net Assets</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Current liabilities	\$ 35,612	\$ 70,131	\$ 6,854
Restricted principal	7,496,185	7,178,988	8,055,268
Restricted income	218,536	175,562	120,816
Net assets	7,714,721	7,354,550	8,176,084
Total	\$ 7,750,333	\$ 7,424,681	\$ 8,182,938

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

	<u>2009</u>	<u>2008</u>	<u>2007</u>
Operating revenues	\$ 646,003	\$ (527,370)	\$ 845,528
Operating expenses	(66,064)	(75,592)	(64,099)
Nonoperating income (expenses), net	(219,768)	(218,572)	(208,917)
Change in assets	360,171	(821,534)	572,512
Beginning net assets	7,354,550	8,176,084	7,603,572
Ending net assets	\$ 7,714,721	\$ 7,354,550	\$ 8,176,084

STATEMENTS OF CASH FLOWS

	<u>2009</u>	<u>2008</u>	<u>2007</u>
Cash flows from operating activities	\$ 302,255	\$ 271,886	\$ 216,765
Cash flows from noncapital financing activities	(219,768)	(218,572)	(208,917)
Cash flows from investing activities	1,081,699	210,318	60,042
Net increase in cash and cash equivalents	1,164,186	263,632	67,890
Cash and cash equivalents at beginning of year	619,545	355,913	288,023
Cash and cash equivalents at end of year	\$ 1,783,731	\$ 619,545	\$ 355,913

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 suffered in 2008 its largest loss of principal since 2002. This has been due to the World-wide credit collapse and resulting recession. Partial recovery has occurred in 2009 but the outlook for valuation growth is uncertain. There are fears that a double-dip recession may occur. It will likely take five years or more to recover this loss. The Trust has a long term time horizon. Accordingly, the Trust is committed to its current investment allocation. Whereas, the Trust may add additional asset classes, the basic investment approach will remain the same

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, 2008 is set forth in the report on the audit of MPLT's financial statements, which is dated June 15, 2009. The Discussion and Analysis explains the major factors impacting the 2008 financial statements. If you have questions about this report or the 2008 or 2007 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.

MARIANAS PUBLIC LAND TRUST

Statements of Net Assets
September 30, 2009 and 2008

<u>ASSETS</u>	<u>2009</u>	<u>2008</u> <u>(As Restated)</u>
Current assets:		
Cash and cash equivalents	\$ 20,541,540	\$ 3,565,471
Receivables:		
Notes, current portion	356,343	231,704
Accrued income	250,135	429,533
Other	6,877	2,011
Due from CNMI Government	-	6,868
Due from brokers	199,570	546,931
Prepaid expense	24,593	6,812
Total current assets	<u>21,379,058</u>	<u>4,789,330</u>
Other assets:		
Investments	<u>45,106,102</u>	<u>55,853,953</u>
Total other assets	<u>45,106,102</u>	<u>55,853,953</u>
Noncurrent assets:		
Notes receivable, net of current portion and allowance for loan losses	7,607,922	9,866,526
Capital assets (net of accumulated depreciation)	<u>333,931</u>	<u>350,571</u>
Total noncurrent assets	<u>7,941,853</u>	<u>10,217,097</u>
	<u>\$ 74,427,013</u>	<u>\$ 70,860,380</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current liabilities:		
Accounts payable	\$ 33,173	\$ 60,825
Due to CNMI Government	4,430,390	4,533,521
Due to brokers	234,134	114,180
Accrued expenses	5,062	7,954
Total liabilities	<u>4,702,759</u>	<u>4,716,480</u>
Commitment and contingency		
Net assets:		
Invested in capital assets	333,931	350,571
Restricted	<u>69,390,323</u>	<u>65,793,329</u>
Total net assets	<u>69,724,254</u>	<u>66,143,900</u>
	<u>\$ 74,427,013</u>	<u>\$ 70,860,380</u>

See accompanying notes to financial statements.

MARIANAS PUBLIC LAND TRUST

Statements of Revenues, Expenses and Changes in Net Assets
Years Ended September 30, 2009 and 2008

	<u>2009</u>	<u>2008</u> (As Restated)
Operating revenues:		
Net increase (decrease) in the fair value of investments	\$ 3,709,382	\$ (8,058,525)
Interest income:		
Investments	2,260,415	2,376,001
Notes receivable	520,821	664,291
Other	675	1,639
Dividend income	<u>324,612</u>	<u>380,195</u>
	6,815,905	(4,636,399)
Less provision for Home Loan Program	<u>(172,000)</u>	<u>-</u>
Operating revenues, net	<u>6,643,905</u>	<u>(4,636,399)</u>
Operating expenses:		
Money manager fees	163,991	192,943
Loan administration fee	135,246	121,645
Consultancy fees	103,880	142,205
Salaries and benefits	91,410	100,212
Money management administration	75,100	76,609
Office supplies	72,519	80,824
Contract services	66,950	67,000
Professional fees	38,515	66,774
Rent and utilities	25,759	29,000
Trustees' expenses	25,300	25,348
Depreciation	18,262	14,653
Audit	<u>13,288</u>	<u>12,000</u>
Total operating expenses	<u>830,220</u>	<u>929,213</u>
Operating income (loss)	<u>5,813,685</u>	<u>(5,565,612)</u>
Other nonoperating income (expenses):		
Transfer in from DPL	-	3,500,000
Net contribution to the CNMI General Fund/ American Memorial Park	<u>(2,233,331)</u>	<u>(6,538,168)</u>
Total nonoperating income (expenses), net	<u>(2,233,331)</u>	<u>(3,038,168)</u>
Change in net assets	3,580,354	(8,603,780)
Net assets at beginning of year	<u>66,143,900</u>	<u>74,747,680</u>
Net assets at end of year	<u>\$ 69,724,254</u>	<u>\$ 66,143,900</u>

See accompanying notes to financial statements.

MARIANAS PUBLIC LAND TRUST

Statements of Cash Flows
Years Ended September 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Cash flows from operating activities:		
Cash received from operations	\$ 3,641,470	\$ 4,771,465
Cash payments to suppliers for goods and services	(849,646)	(2,948,700)
Net cash provided by operating activities	<u>2,791,824</u>	<u>1,822,765</u>
Cash flows from noncapital financing activities:		
Cash received from DPL	-	3,500,000
Net contributions	(533,331)	(2,018,572)
Net cash (used for) provided by noncapital financing activities	<u>(533,331)</u>	<u>1,481,428</u>
Cash flows from capital and related financing activities:		
Acquisition of property and equipment	(1,622)	(339,089)
Net cash used for capital and related financing activities	<u>(1,622)</u>	<u>(339,089)</u>
Cash flows from investing activities:		
Net decrease (increase) in notes receivable	261,965	(3,489,764)
Net decrease (increase) in restricted assets	14,457,233	(1,005,453)
Net cash provided by (used for) investing activities	<u>14,719,198</u>	<u>(4,495,217)</u>
Net increase (decrease) in cash and cash equivalents	16,976,069	(1,530,113)
Cash and cash equivalents at beginning of year	3,565,471	5,095,584
Cash and cash equivalents at end of year	<u>\$ 20,541,540</u>	<u>\$ 3,565,471</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:		
Operating income (loss)	\$ 5,813,685	\$ (5,565,612)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Net (increase) decrease in fair value of investments	(3,709,382)	8,058,525
Depreciation	18,262	14,653
Provision for Home Loan Program	172,000	-
(Increase) decrease in assets:		
Receivable - accrued income	179,398	1,939,370
Other receivable	(4,866)	(1,462)
Due from CNMI Government	6,868	-
Due from brokers	347,361	(546,931)
Prepaid expense	(17,781)	(2,377)
Increase (decrease) in liabilities:		
Accounts payable	(27,652)	36,754
Due to CNMI Government	(103,131)	(2,227,573)
Payable to brokers	119,954	114,180
Accrued expenses	(2,892)	3,238
Net cash provided by operating activities	<u>\$ 2,791,824</u>	<u>\$ 1,822,765</u>

Supplemental schedule of noncash operating, financing and investing activities:

During the years ended September 30, 2009 and 2008, MPLT recorded contributions to the CNMI General Fund resulting in an increase in net contribution to the General Fund and due to CNMI Government of \$-0- and \$4,100,000, respectively.

Pursuant to Public Law 16-7, MPLT applied the \$1,700,000 required income distribution to the CNMI General Fund for the year ended September 30, 2009 as repayment of CUC's note receivable.

Decrease in notes receivable	\$ (1,700,000)	\$ -
Increase in net contribution	1,700,000	-
	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to financial statements.

MARIANAS PUBLIC LAND TRUST

Notes to Financial Statements
September 30, 2009 and 2008

(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) 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, 2009 and 2008

(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, 2009 and 2008, 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

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, 2009 and 2008

(2) Summary of Significant Accounting Policies, Continued

Cash and Cash Equivalents, 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, 2009 and 2008, total cash and cash equivalents were \$20,541,540 and \$3,565,471, respectively, and the corresponding bank balances were \$276,718 and \$223,656, respectively. Of the bank balance amount, \$276,718 and \$223,656 are maintained in financial institutions subject to Federal Deposit Insurance Corporation (FDIC) insurance as of September 30, 2009 and 2008, respectively. Bank deposits in the amount of \$239,034 were FDIC insured as of September 30, 2009 and 2008. As of September 30, 2009 and 2008, custodian money market sweep deposits of \$20,302,506 and \$3,342,020, respectively, are held and administered by an investment manager subject to Securities Investor Protection Corporation insurance.

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.

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.

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, 2009 and 2008. The investment held and administered by the investment manager is subject to supplemental insurance on eligible assets over \$500 million through certain underwriters, subject to an aggregate loss limit of \$600 million.

MARIANAS PUBLIC LAND TRUST

Notes to Financial Statements
September 30, 2009 and 2008

(2) Summary of Significant Accounting Policies, Continued

Investments, Continued

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. As of September 30, 2009, MPLT's investment in U.S. agency obligations of the Freddie Mac Federal Home Loan Mortgage Corporation and Fannie Mae Federal National Mortgage Association constituted 8% and 10%, respectively, of its total investments. As of September 30, 2008, MPLT's investment in U.S. agency obligations of the Freddie Mac Federal Home Loan Mortgage Corporation and Fannie Mae Federal National Mortgage Association constituted 7% and 17%, respectively, of its total investments.

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.
- Ability to provide on-going training.

MARIANAS PUBLIC LAND TRUST

Notes to Financial Statements
September 30, 2009 and 2008

(2) Summary of Significant Accounting Policies. Continued

Investments. Continued

- 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.
 - 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.

MARIANAS PUBLIC LAND TRUST

Notes to Financial Statements
September 30, 2009 and 2008

(2) Summary of Significant Accounting Policies, Continued

Investments, Continued

2. Domestic Equities:

- Equity holdings in any one company should not exceed more than 10% of the market value of MPLT's equity portfolio.
- Investments in any one sector should not be excessive.
- The manager shall emphasize quality in security selection and shall avoid risk of large loss through diversification.
- The manager shall emphasize quality in security selection of the specific style hired to manage and shall avoid risk of large loss through diversification within its mandated style.
- 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.
- 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.

MARIANAS PUBLIC LAND TRUST

Notes to Financial Statements
September 30, 2009 and 2008

(2) Summary of Significant Accounting Policies, Continued

Investments, Continued

4. International Equities, Continued:

- 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.
- A thorough, written analysis of each proposed ETI should be undertaken, examining all economic, political and other factors, including potential conflicts of interest.

MARIANAS PUBLIC LAND TRUST

Notes to Financial Statements
September 30, 2009 and 2008

(2) Summary of Significant Accounting Policies, Continued

Investments, Continued

6. Economically Targeted Investments (ETIs), Continued:

- 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, 2009 and 2008

(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%

MPLT subsequently updated and adopted its investment policies and guidelines; however, the revised asset allocation of its two funds was implemented in September 2009.

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, 2009 and 2008

(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, 2009 and 2008 (with combining information as of September 30, 2009) are as follows:

	<u>General Fund</u>	<u>Park Fund</u>	<u>2009</u>	<u>2008</u>
<u>Equities:</u>				
Common stock	\$ 17,556,804	\$ 2,268,682	\$ 19,825,486	\$ 16,614,416
<u>Fixed Income Securities:</u>				
Mortgage and asset backed securities	10,072,160	1,037,495	11,109,655	18,260,980
Corporate bonds	11,386,606	1,061,847	12,448,453	19,279,961
Government obligations	881,274	71,770	953,044	1,244,629
Government agencies	<u>651,886</u>	<u>117,578</u>	<u>769,464</u>	<u>453,967</u>
	\$ <u>40,548,730</u>	\$ <u>4,557,372</u>	\$ <u>45,106,102</u>	\$ <u>55,853,953</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, 2009 and 2008:

<u>Investment Type</u>	<u>Fair Value</u>	<u>2009</u>				<u>Credit Rating</u>
		<u>Investment Maturities (In Years)</u>				
		<u>Less Than 1</u>	<u>1 - 5</u>	<u>6 - 10</u>	<u>More Than 10</u>	
Mortgage and asset backed securities	\$ 2,579,341	\$ -	\$ 1,344,575	\$ -	\$ 1,234,766	AAA
Mortgaged and asset backed securities	8,530,314	-	2,705	668,023	7,859,586	No rating
Government and Government Sponsored Entity (GSE) Bonds	1,722,508	-	213,498	1,016,903	492,107	AAA
Corporate bonds	123,985	-	-	123,985	-	AAA
Corporate bonds	410,467	-	5,801	27,299	377,367	AA
Corporate bonds	457,779	-	457,779	-	-	AA+
Corporate bonds	284,672	-	-	10,810	273,862	AA-
Corporate bonds	4,326,421	-	2,010,349	1,576,990	739,082	A
Corporate bonds	1,793,433	-	978,783	340,744	473,906	A+
Corporate bonds	3,323,085	-	1,559,729	1,501,437	261,919	A-
Corporate bonds	524,387	-	323,657	86,788	113,942	BBB
Corporate bonds	927,852	-	344,512	280,312	303,028	BBB+
Corporate bonds	<u>276,372</u>	<u>-</u>	<u>276,372</u>	<u>-</u>	<u>-</u>	BBB-
	\$ <u>25,280,616</u>	\$ <u>-</u>	\$ <u>7,517,760</u>	\$ <u>5,633,291</u>	\$ <u>12,129,565</u>	

MARIANAS PUBLIC LAND TRUST

Notes to Financial Statements
September 30, 2009 and 2008

(2) Summary of Significant Accounting Policies, Continued

Investments, Continued

Investment Type	Fair Value	2008				Credit Rating
		Investment Maturities (In Years)				
		Less Than 1	1 - 5	6 - 10	More Than 10	
Mortgage and asset backed securities	\$ 4,027,755	\$ -	\$ 1,910,454	\$ -	\$ 2,117,301	AAA
Mortgaged and asset backed securities	14,233,225	-	5,525	1,296,115	12,931,585	No rating
Government obligations	1,244,629	-	361,461	26,346	856,822	AAA
Government agencies	453,967	-	239,345	30,872	183,750	AAA
Corporate bonds	452,047	-	58,088	275,386	118,573	AAA
Corporate bonds	2,123,763	220,719	702,897	747,756	452,391	AA-
Corporate bonds	1,040,878	-	219,415	821,463	-	AA
Corporate bonds	3,065,863	-	1,151,118	1,125,094	789,651	A+
Corporate bonds	3,895,218	1,659,856	1,375,507	688,006	171,849	A-
Corporate bonds	6,856,433	544,439	1,740,279	3,454,907	1,116,808	A
Corporate bonds	856,804	-	212,609	385,842	258,353	BBB+
Corporate bonds	288,760	-	229,860	58,900	-	BBB-
Corporate bonds	700,195	-	595,261	-	104,934	BBB
	\$ 39,239,537	\$ 2,425,014	\$ 8,801,819	\$ 8,910,687	\$ 19,102,017	

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 collectability 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.

Management cannot currently determine the effects of the potential foreclosure of collateralized properties associated with the loans. Accordingly, the allowance for loan losses included in the accompanying financial statements excludes the value of the possible recovery of certain loans through foreclosure.

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.

MARIANAS PUBLIC LAND TRUST

Notes to Financial Statements
September 30, 2009 and 2008

(2) Summary of Significant Accounting Policies, Continued

Defined Contribution Plan (DC Plan)

On June 16, 2006, Public Law No. 15-13 was enacted which created the DC Plan, a multi-employer pension plan and is the single retirement program for all employees whose first time CNMI government employment commences on or after January 1, 2007. Each member of the DC Plan is required to contribute to the member's individual account an amount equal to 10% of the member's compensation. MPLT is required to contribute to each member's individual account an amount equal to 4% of the member's compensation. The DC Plan by its nature is fully funded on a current basis from employer and member contributions.

The contribution requirements of plan members and MPLT are established and may be amended by the Fund's Board of Trustees. MPLT's total personnel expense for fiscal year 2009 was \$91,410.

GASB Statement No. 45 requires employers to record other postemployment benefits (OPEB) expense for their contractually required contributions to the OPEB plan. MPLT has complied with GASB Statement No. 45 by recording OPEB expense based on the statutory determined contribution rate of the Fund. It is the understanding of the management of MPLT that the statutory determined contribution rate of the Fund incorporates both the pension liability and OPEB liability. GASB Statement No. 45 also requires detailed disclosure of information related to the OPEB plan and MPLT management was unable to obtain this information from the Fund financial report. MPLT management is unable to obtain the required disclosures and is of the opinion that such information must be obtained from the Fund. It is the position of the management of MPLT that the Fund is solely responsible for disclosure of OPEB information.

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.
- 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, 2009 and 2008.

Operating and Non-Operating Revenue and Expenses

Operating revenue and expenses include all direct and administrative revenue and expenses associated with the investments.

Nonoperating revenues and expenses result from capital and noncapital financing activities.

MARIANAS PUBLIC LAND TRUST

Notes to Financial Statements
September 30, 2009 and 2008

(2) Summary of Significant Accounting Policies, Continued

New Accounting Standards

During fiscal year 2009, MPLT implemented the following pronouncements:

- GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, which provides guidance and consistency under which a governmental entity would be required to report a liability related to pollution remediation.
- GASB Statement No. 52, *Land and Other Real Estate Held as Investments by Endowments*, which improves the quality of financial reporting by requiring endowments to report their land and other real estate investments at fair value, creating consistency in reporting among similar entities that exist to invest resources for the purpose of generating income.
- GASB Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, which improves financial reporting by contributing to the GASB's efforts to codify all GAAP for state and local governments so that they derive from a single source.
- GASB Statement No. 56, *Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards*, which incorporates accounting and financial reporting guidance previously only contained in the American Institute of Certified Public Accountants (AICPA) auditing literature into the GASB's accounting and financial reporting literature for state and local governments, and addresses three issues from the AICPA's literature - related party transactions, going concern considerations, and subsequent events.

The implementation of these pronouncements did not have a material effect on the accompanying financial statements.

In June 2007, GASB issued Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, which 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.

In June 2008, GASB issued Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, which is intended to improve how state and local governments report information about derivative instruments - financial arrangements used by governments to manage specific risks or make investments - in their financial statements. 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.

MARIANAS PUBLIC LAND TRUST

Notes to Financial Statements
September 30, 2009 and 2008

(2) Summary of Significant Accounting Policies, Continued

New Accounting Standards, Continued

In December 2008, GASB issued Technical Bulletin No. 2008-1, *Determining the Annual Required Contribution Adjustment for Postemployment Benefits*, which clarifies the requirements of GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, and Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, for calculating the annual required contribution (ARC) adjustment. 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 March 2009, GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. The provisions of this statement are effective for periods beginning after June 15, 2010. Management does not believe that the implementation of this statement will have a material effect on the financial statements of MPLT.

(3) Notes Receivable

	<u>2009</u>	<u>2008</u>
Note receivable (Home Loan Program) from various individuals obtained through a settlement agreement with the Northern Marianas Housing Corporation (NMHC) dated December 31, 2007, bearing interest from 5.5% to 8.5% (2% beginning January 1, 2009) and terms from ten to thirty years.	\$ 8,962,022	\$ 9,103,987
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 were used to fund an independently administered individual or parent-student loan program. MPLT has ceased future loan commitments and disbursements to APLE 501, Inc.	143,156	143,156
Note receivable from the Commonwealth Utilities Corporation (CUC), bearing interest at 7%, due in full on August 4, 2011. Public Law 16-7 was enacted in July 2008 which earmarks future MPLT revenues as security on the note. Interest is due in equal monthly installments.	1,800,000	3,500,000

MARIANAS PUBLIC LAND TRUST

Notes to Financial Statements
September 30, 2009 and 2008

(3) Notes Receivable, Continued

	<u>2009</u>	<u>2008</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>1,374,243</u>	<u>1,494,243</u>
	12,279,421	14,241,386
Less allowance for loan losses	<u>(4,315,156)</u>	<u>(4,143,156)</u>
	7,964,265	10,098,230
Less current portion	<u>(356,343)</u>	<u>(231,704)</u>
Long-term portion	<u>\$ 7,607,922</u>	<u>\$ 9,866,526</u>

At September 30, 2009, principal and interest repayments based on the terms of the respective agreements (excluding the assessed allowance) for the following years ending September 30, are as follows:

<u>Year ending September 30,</u>	<u>Principal</u>	<u>Interest</u>
2010	\$ 356,343	\$ 373,767
2011	2,182,815	356,062
2012	388,120	236,634
2013	393,532	223,423
2014	399,053	210,102
2015 - 2019	2,256,302	817,435
2020 - 2024	1,637,792	536,848
2025 - 2029	1,809,890	364,751
2030 - 2034	2,000,071	174,570
2035 - 2036	<u>712,347</u>	<u>12,532</u>
	<u>\$ 12,136,265</u>	<u>\$ 3,306,124</u>

The schedule above does not include principal and interest repayments for APLE 501, Inc.

(4) Capital Assets

A summary of capital assets as of September 30, 2009 and 2008, is as follows:

	<u>Estimated Useful Lives</u>	<u>Balance at October 1, 2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at September 30, 2009</u>
Land	-	\$ 273,000	\$ -	\$ -	\$ 273,000
Furniture, fixtures and equipment	3 - 10 years	79,126	1,622	-	80,748
Vehicle	3 - 10 years	<u>46,225</u>	<u>-</u>	<u>-</u>	<u>46,225</u>
		398,351	1,622	-	399,973
Less accumulated depreciation		<u>(47,780)</u>	<u>(18,262)</u>	<u>-</u>	<u>(66,042)</u>
		<u>\$ 350,571</u>	<u>\$ (16,640)</u>	<u>\$ -</u>	<u>\$ 333,931</u>

MARIANAS PUBLIC LAND TRUST

Notes to Financial Statements
September 30, 2009 and 2008

(4) Capital Assets, Continued

	Estimated Useful Lives	Balance at October 1, 2007	Additions	Deletions	Balance at September 30, 2008
Land	-	\$ -	\$ 273,000	\$ -	\$ 273,000
Furniture, fixtures and equipment	3 - 10 years	57,199	36,459	(14,532)	79,126
Vehicle	3 - 10 years	16,595	29,630	-	46,225
		73,794	339,089	(14,532)	398,351
Less accumulated depreciation		(47,659)	(14,653)	14,532	(47,780)
		\$ 26,135	\$ 324,436	\$ -	\$ 350,571

(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, 2009 and 2008, is summarized as follows:

	Principal	Income	2009	2008 (As Restated)
<u>General Fund</u>				
Balance at beginning of year, as restated	\$ 58,438,779	\$ -	\$ 58,438,779	\$ 66,545,461
Net increase (decrease) in the fair value of investments	3,392,184	-	3,392,184	(7,182,245)
Other operating net income	(155,361)	2,013,563	1,858,202	5,395,159
Transfers	-	(2,013,563)	(2,013,563)	(6,319,596)
Balance at end of year	\$ 61,675,602	\$ -	\$ 61,675,602	\$ 58,438,779
<u>Park Fund</u>				
Balance at beginning of year	\$ 7,178,988	\$ 175,562	\$ 7,354,550	\$ 8,176,084
Net increase (decrease) in the fair value of investments	317,198	-	317,198	(876,280)
Other operating net income	-	262,741	262,741	273,318
Transfers	-	(219,768)	(219,768)	(218,572)
Balance at end of year	\$ 7,496,186	\$ 218,535	\$ 7,714,721	\$ 7,354,550

(6) Contributions To/From Primary Government

In accordance with Article XI of the Constitution of the CNMI, MPLT makes operating transfers out to the CNMI general fund from investment income. During the years ended September 30, 2009 and 2008, MPLT recorded \$2,013,563 and \$2,219,596, respectively, for transfers out to the CNMI general fund, of which \$1,700,000 and \$-0-, respectively, was offset against a note receivable from CUC.

MARIANAS PUBLIC LAND TRUST

Notes to Financial Statements
September 30, 2009 and 2008

(6) Contributions To/From Primary Government, Continued

Pursuant to a claim made by the CNMI Government, which took exception to Public Law 10-29, the MPLT Board of Trustees concluded that since \$4,100,000 was included as a revenue source in the 2009 Commonwealth Budget, and was subsequently adopted by the Legislature, that Public Law 10-29 had effectively been nullified which gave rise to an obligation. MPLT took the position that instead of principal, the sum of \$4,100,000 constituted net interest income and that Public Law 10-29 could not convert into principal, by legislation, what was compelled by the Constitution to be interest income. The Board of Trustees approved the transfer of \$4,100,000 from restricted principal net assets to restricted income net assets and MPLT recorded a due to CNMI general fund and a related transfer out of \$4,100,000 as of and for the year ended September 30, 2008.

Article XI, Section 5g, of the CNMI Constitution requires that all monies received from public lands be transferred promptly to MPLT except for amounts necessary to meet reasonable expenses of administration. In accordance with Article XI, the CNMI Department of Public Lands (DPL) transferred \$-0- and \$3,500,000 to MPLT during the years ended September 30, 2009 and 2008, respectively.

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, 2009 and 2008, MPLT recorded \$219,768 and \$218,572, respectively, for transfers out for this purpose.

(7) Risk Management

MPLT is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. MPLT has elected to purchase commercial insurance from independent third parties for the risks of losses to which it is exposed with respect to the use of motor vehicles. Settled claims have not exceeded this commercial insurance coverage during the past three years.

(8) Related Parties

A Trustee of MPLT (who became a Trustee in fiscal year 2009) has a home loan outstanding of \$120,429 and \$-0- as of September 30, 2009 and 2008, respectively, and the Legal Counsel of MPLT has a home loan outstanding of \$81,928 and \$89,840 as of September 30, 2009 and 2008, respectively. The home loans were obtained in the ordinary course of business and are classified as notes receivable in the accompanying financial statements.

(9) Commitment

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

MARIANAS PUBLIC LAND TRUST

Notes to Financial Statements September 30, 2009 and 2008

(10) Contingency

In accordance with the Settlement Agreement with NMHC, MPLT will assume liability for the repayment of certain Service Released Loans, totaling \$1,672,102, for and on behalf of NMHC in the form of guarantees to certain financial institutions. At September 30, 2009, total contingent liabilities amounted to \$1,404,138.

(11) Restatement

During the year ended September 30, 2009, the Board of Trustees determined that the amount due to CNMI Government and net contribution to the CNMI General Fund/American Memorial Park were misstated by \$4,100,000 as of and for the year ended September 30, 2008 as follows:

	<u>As Originally Stated</u>	<u>As Restated</u>
Due to CNMI Government	\$ 433,521	\$ 4,533,521
Net contribution to the CNMI General Fund/ American Memorial Park	\$ 2,438,168	\$ 6,538,168

(12) Subsequent Event

On June 30, 2010, Public Law 17-7 was enacted to amend Public Law 16-7 and to earmark and appropriate from future interest income distributions of fiscal years 2009, 2010, 2012 and additional future fiscal years until the note receivable from CUC (of which \$1,800,000 was outstanding at September 30, 2009) and an advance of \$4,000,000 to the CNMI General Fund (transferred on June 30, 2010) is fully reimbursed.

MARIANAS PUBLIC LAND TRUST

Combining Statement of Net Assets
September 30, 2009

<u>ASSETS</u>	<u>General Fund</u>	<u>Park Fund</u>	<u>Eliminations</u>	<u>Total</u>
Current assets:				
Cash and cash equivalents	\$ 18,757,809	\$ 1,783,731	\$ -	\$ 20,541,540
Receivables:				
Notes, current portion	236,343	120,000	-	356,343
Accrued income	228,544	21,591	-	250,135
Other	6,877	-	-	6,877
Due from other funds	33,781	-	(33,781)	-
Due from brokers	186,174	13,396	-	199,570
Prepaid expense	24,593	-	-	24,593
Total current assets	<u>19,474,121</u>	<u>1,938,718</u>	<u>(33,781)</u>	<u>21,379,058</u>
Other assets:				
Investments	40,548,730	4,557,372	-	45,106,102
Total other assets	<u>40,548,730</u>	<u>4,557,372</u>	<u>-</u>	<u>45,106,102</u>
Noncurrent assets:				
Notes receivable, net of current portion and allowance for loan losses	6,353,679	1,254,243	-	7,607,922
Capital assets (net of accumulated depreciation)	333,931	-	-	333,931
Total noncurrent assets	<u>6,687,610</u>	<u>1,254,243</u>	<u>-</u>	<u>7,941,853</u>
	<u>\$ 66,710,461</u>	<u>\$ 7,750,333</u>	<u>\$ (33,781)</u>	<u>\$ 74,427,013</u>
<u>LIABILITIES AND NET ASSETS</u>				
Current liabilities:				
Accounts payable	\$ 31,342	\$ 1,831	\$ -	\$ 33,173
Due to other funds	-	33,781	(33,781)	-
Due to CNMI Government	4,430,390	-	-	4,430,390
Due to brokers	234,134	-	-	234,134
Accrued expenses	5,062	-	-	5,062
Total liabilities	<u>4,700,928</u>	<u>35,612</u>	<u>(33,781)</u>	<u>4,702,759</u>
Net assets:				
Invested in capital assets	333,931	-	-	333,931
Restricted	61,675,602	7,714,721	-	69,390,323
Total net assets	<u>62,009,533</u>	<u>7,714,721</u>	<u>-</u>	<u>69,724,254</u>
	<u>\$ 66,710,461</u>	<u>\$ 7,750,333</u>	<u>\$ (33,781)</u>	<u>\$ 74,427,013</u>

See Accompanying Independent Auditors' Report.

MARIANAS PUBLIC LAND TRUST

Combining Statement of Revenues, Expenses and Changes in Net Assets
Year Ended September 30, 2009

	General Fund	Park Fund	Eliminations	Total
Operating revenues:				
Net increase in the fair value of investments	\$ 3,392,184	\$ 317,198	\$ -	\$ 3,709,382
Interest income:				
Investments	2,060,455	199,960	-	2,260,415
Notes receivable	427,921	92,900	-	520,821
Other	675	-	-	675
Dividend income	288,667	35,945	-	324,612
	6,169,902	646,003	-	6,815,905
Less provision for Home Loan Program	(172,000)	-	-	(172,000)
Operating revenues, net	5,997,902	646,003	-	6,643,905
Operating expenses:				
Money manager fees	147,384	16,607	-	163,991
Loan administration fee	135,246	-	-	135,246
Consultancy fees	93,910	9,970	-	103,880
Salaries and benefits	81,330	10,080	-	91,410
Money management administration	66,839	8,261	-	75,100
Office supplies	64,542	7,977	-	72,519
Contract services	59,580	7,370	-	66,950
Professional fees	38,515	-	-	38,515
Rent and utilities	22,926	2,833	-	25,759
Trustees' expenses	23,796	1,504	-	25,300
Depreciation	18,262	-	-	18,262
Audit	11,826	1,462	-	13,288
Total operating expenses	764,156	66,064	-	830,220
Operating income	5,233,746	579,939	-	5,813,685
Other nonoperating expenses:				
Net contribution to the CNMI General Fund/American Memorial Park	(2,013,563)	(219,768)	-	(2,233,331)
Total nonoperating expenses	(2,013,563)	(219,768)	-	(2,233,331)
Change in net assets	3,220,183	360,171	-	3,580,354
Net assets at beginning of year	58,789,350	7,354,550	-	66,143,900
Net assets at end of year	\$ 62,009,533	\$ 7,714,721	\$ -	\$ 69,724,254

See Accompanying Independent Auditors' Report.

MARIANAS PUBLIC LAND TRUST

Combining Statement of Cash Flows
Year Ended September 30, 2009

	General Fund	Park Fund	Eliminations	Total
Cash flows from operating activities:				
Cash received from operations	\$ 3,245,500	\$ 395,970	\$ -	\$ 3,641,470
Cash payments to suppliers for goods and services	(755,931)	(93,715)	-	(849,646)
Net cash provided by operating activities	<u>2,489,569</u>	<u>302,255</u>	<u>-</u>	<u>2,791,824</u>
Cash flows from noncapital financing activities:				
Net contribution	(313,563)	(219,768)	-	(533,331)
Net cash used for noncapital financing activities	<u>(313,563)</u>	<u>(219,768)</u>	<u>-</u>	<u>(533,331)</u>
Cash flows from capital and related financing activities:				
Acquisition of property and equipment	(1,622)	-	-	(1,622)
Net cash used for capital and related financing activities	<u>(1,622)</u>	<u>-</u>	<u>-</u>	<u>(1,622)</u>
Cash flows from investing activities:				
Net decrease in notes receivable	141,965	120,000	-	261,965
Net decrease in restricted assets	13,495,534	961,699	-	14,457,233
Net cash provided by investing activities	<u>13,637,499</u>	<u>1,081,699</u>	<u>-</u>	<u>14,719,198</u>
Net increase in cash and cash equivalents	15,811,883	1,164,186	-	16,976,069
Cash and cash equivalents at beginning of year	2,945,926	619,545	-	3,565,471
Cash and cash equivalents at end of year	<u>\$ 18,757,809</u>	<u>\$ 1,783,731</u>	<u>\$ -</u>	<u>\$ 20,541,540</u>
Reconciliation of operating income to net cash provided by operating activities:				
Operating income	\$ 5,233,746	\$ 579,939	\$ -	\$ 5,813,685
Adjustments to reconcile operating income to net cash provided by operating activities:				
Net increase in fair value of investments	(3,392,184)	(317,198)	-	(3,709,382)
Depreciation	18,262	-	-	18,262
Provision for Home Loan Program	172,000	-	-	172,000
(Increase) decrease in assets:				
Receivable - accrued income	168,569	10,829	-	179,398
Other receivable	(4,866)	-	-	(4,866)
Due from CNMI Government	-	6,868	-	6,868
Due from other funds	13,054	-	(13,054)	-
Due from brokers	291,025	56,336	-	347,361
Prepaid expense	(17,781)	-	-	(17,781)
Increase (decrease) in liabilities:				
Accounts payable	(27,685)	33	-	(27,652)
Due to other funds	-	(13,054)	13,054	-
Due to CNMI Government	(103,131)	-	-	(103,131)
Payable to brokers	141,452	(21,498)	-	119,954
Accrued expenses	(2,892)	-	-	(2,892)
Net cash provided by operating activities	<u>\$ 2,489,569</u>	<u>\$ 302,255</u>	<u>\$ -</u>	<u>\$ 2,791,824</u>

Supplemental schedule of noncash operating, financing and investing activities:

Pursuant to Public Law 16-7, MPLT applied the \$1,700,000 required income distribution to the CNMI General Fund for the year ended September 30, 2009 as repayment of CUC's note receivable.

Decrease in notes receivable	\$ (1,700,000)	\$ -	\$ -	\$ (1,700,000)
Increase in net contribution	1,700,000	-	-	1,700,000
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See Accompanying Independent Auditors' Report.

MARIANAS PUBLIC LAND TRUST

SCHEDULE 1A

Schedule of Investments - General Fund
September 30, 2009

<u>Equities</u>	<u>Cost</u>	<u>Fair Value</u>
<u>Common Stock</u>		
Ace Limited	\$ 109,658	\$ 128,304
Adobe Systems Inc. (DE)	133,900	125,552
Allstate Corp	112,217	143,914
American Tower Corp	107,557	131,040
Amgen Inc	128,212	120,460
Apple Inc	547,796	846,123
AT&T Inc	126,752	140,452
Bank of America Corp	154,867	233,496
Capital One Finl Corp	100,865	196,515
Celgene Corp	114,206	134,160
Cisco Sys Inc	248,910	357,808
CVS Caremark Corp	277,062	279,308
Dow Chemical Co	271,190	310,233
Express Scripts Inc	331,589	403,416
Freeport McMoran Copper & Gold	194,394	363,633
Gilead Sciences Inc	407,067	390,600
Goldman Sachs Group Inc	315,347	645,225
Google Inc	613,804	725,428
Hewlett Packard Co	494,407	561,799
Intel Corp	137,107	207,442
Intl Business Machines Corp	469,190	598,050
JP Morgan Chase & Co	379,215	657,300
Kohls Corp	107,529	142,625
Medco Health Solutions Inc	268,687	331,860
Merck & Co Inc	232,828	335,278
Metlife Inc	96,366	152,280
Microsoft Corp	295,979	411,520
Occidental Petroleum Corp	332,387	431,200
Oracle Corp	135,071	125,040
Philip Morris Intl Inc	339,196	346,054
Praxair Inc	142,767	163,380
Qualcomm Inc	127,829	121,446
Staples Inc	182,866	199,692
State Street Corp	133,403	131,500
Target Corp	271,616	364,104
Transocean Ltd Switzerland	312,266	359,226
Union Pacific Corp	293,563	379,275
United Technologies Corp	292,756	359,487
Vale S A Spon Adr	147,753	252,117
Visa Inc	161,081	172,775
Wal-Mart Stores Inc	158,117	127,634
Walt Disney Co	99,428	134,554
Weatherford International Ltd.-Chf	123,666	120,234
Wellpoint Inc	272,217	251,008
Yahoo Inc	136,275	140,699
Subtotal - Atalanta Sosnoff	<u>10,438,958</u>	<u>13,253,246</u>
ABB Ltd Spons Adr	97,486	91,683
Allianz SE Adr	76,955	48,610
America Movil S.A.B. De Cv	52,110	38,132
Atlas Copco Ab Spon Adr	32,685	40,820
Axa S.A. Spons Adr	71,277	71,547
Banco Bilbao Vizcaya-Sp Adr	89,889	80,744
Barclays Plc-Adr	113,595	78,792
Bayer A G Sponsored Adr	70,822	61,248

See Accompanying Independent Auditors' Report.

MARIANAS PUBLIC LAND TRUST

SCHEDULE 1A

Schedule of Investments - General Fund
September 30, 2009

<u>Equities, Continued</u>	<u>Cost</u>	<u>Fair Value</u>
<u>Common Stock, Continued</u>		
BG Group Plc Spon Adr	49,044	63,561
BNP Paribas Spon Adr	102,100	112,336
BHP Billiton Ltd Spons Adr	71,765	107,596
British American Tobacco Plc Adr	49,909	43,959
CNOOC Ltd Spons Adr	22,262	21,533
Canon Inc Adr	71,615	75,981
China Life Insurance Co Ltd-Sponsored Adr	26,154	35,483
China Mobile Ltd Sponsored Adr	30,624	29,957
Credit Suisse Group Adr	23,717	28,660
DBS Group Hldg Ltd Sp Adr	98,460	69,351
ENI Spa Sponsored Adr	89,079	76,869
E. On AG Spons Adr	147,452	108,715
Fomento Economico Mexicano S.A.B. De Cv Spons Adr	34,647	48,514
GDF Suez - Eur	51,919	34,557
Glaxosmithkline Plc Sp Adr	60,246	52,548
HSBC Hldg Plc Sp Adr	133,421	137,984
Honda Motor Co. Ltd. Adr	53,649	60,620
Imperial Tobacco Group Plc Sponsored Adr	43,877	44,832
Ing Groep NV Spons Adr	126,388	84,693
Komatsu Ltd Adr	79,025	59,442
Kubota Ltd Adr	22,387	21,937
LVMH Moet Hennessy Louis Vuitton, Paris-Eur Adr	25,397	40,905
Lafarge Spons Adr New Lafarge Coppee	127,673	95,260
Marks & Spencer Group Plc Sponsored Adr	37,720	46,200
Mitsubishi Corp Spons Adr	135,030	106,392
Mitsubishi Est Co Ltd Adr	58,146	41,080
Mitsubishi UFJ Financial Group Inc Adr	84,059	57,859
National Grid Plc Gbp Spons Adr	44,028	32,711
Nestle S A Sponsored Adr	106,799	130,418
Nidec Corporation Spon Adr	39,166	46,759
Nintendo Co Ltd Adr	74,438	47,671
Nokia Corp Sponsored Adr	98,436	57,091
Nomura Holdings Inc Adr	85,788	42,993
Novartis AG Adr	82,341	82,119
Petrobras	42,182	49,343
Prudential Plc Adr	46,426	69,933
RWE AG Spons Adr	55,001	41,110
Reed Elsevier NV	61,710	46,511
Rio Tinto Plc - Gbp	63,485	44,957
Roche Hldg Ltd. Spon Adr	79,254	84,448
Royal Dutch Shell Plc Adr	107,630	80,066
Sanofi-Aventis Spons Adr	88,142	80,182
Sap AG Spons Adr	75,402	78,436
Siemens AG Spons Adr	145,044	127,355
Sony Corp Spon Adr	72,229	49,348
Sumitomo Mitsui Finl Group Inc Adr	100,600	38,171
Taiwan Semiconductor Mfg Co Ltd Adr	24,818	29,767
Telefonica S.A. Spon Adr	111,002	106,539
Tesco Plc Sponsored Adr	107,643	98,740
Teva Pharmaceutical Inds Ltd Adr	41,631	47,779
Total S.A. Spons Adr	142,208	139,854
Toyota Motor Corp Adr	73,388	54,213
Vale S A Spon Adr	57,956	65,805
Vodafone Group Plc Spons Adr	146,643	116,843
WPP Plc Adr	79,627	65,744

See Accompanying Independent Auditors' Report.

MARIANAS PUBLIC LAND TRUST

SCHEDULE 1A

Schedule of Investments - General Fund
September 30, 2009

<u>Equities, Continued</u>	<u>Cost</u>	<u>Fair Value</u>	
<u>Common Stock, Continued</u>			
Wolters Kluwer N V Sp Adr	56,251	55,083	
Zurich Fincl Svcs Spon Adr	69,084	75,169	
Subtotal - JP Morgan	4,838,936	4,303,558	
Total Common Stock	15,277,894	17,556,804	
Total Equities	15,277,894	17,556,804	
<u>Fixed Income Securities</u>			<u>Ratings</u>
<u>Mortgage and Asset Backed Securities</u>			
Caterpillar Financial Asset Tr @ 5.340%, due 06/25/12	133,154	136,007	AAA
CS First Boston Mortg SEC Corp @ 6.133%, due 03/15/12	384,331	396,262	AAA
FHLMC PL#A39210 @ 5.500%, due 10/01/35	795,647	822,317	no rating
FHLMC PL#A47758 @ 5.000%, due 11/01/35	771,109	822,636	no rating
FHLMC PL#A87388 @ 5.000%, due 07/01/39	355,556	359,415	no rating
FHLMC PL#E20222 @ 6.500%, due 02/01/11	3,850	2,391	no rating
FHLMC PL#G11736 @ 5.000%, due 06/01/20	59,722	62,649	no rating
FHLMC PL#G12213 @ 5.500%, due 03/01/21	155,436	171,506	no rating
FHLMC PL#G12333 @ 4.500%, due 06/01/21	468,320	523,503	no rating
FHLMC PL#G12580 @ 5.000%, due 09/01/21	183,705	191,987	no rating
FHLMC PL#G13174 @ 5.000%, due 06/01/23	443,465	444,979	no rating
FNMA PL#603265 @ 5.500%, due 09/01/16	18,173	18,501	no rating
FNMA PL#725414 @ 4.500%, due 05/01/19	31,464	34,764	no rating
FNMA PL#739168 @ 5.500%, due 09/01/18	21,380	20,093	no rating
FNMA PL#743002 @ 5.500%, due 10/01/18	23,357	15,478	no rating
FNMA PL#745506 @ 5.849%, due 02/01/16	449,246	498,459	no rating
FNMA PL#904529 @ 6.500%, due 01/01/37	528,403	542,789	no rating
FNMA PL#922270 @ 5.500%, due 12/01/36	758,107	792,706	no rating
FNMA PL#931195 @ 4.500%, due 05/01/24	491,614	491,858	no rating
FNMA PL#942285 @ 6.000%, due 08/01/37	326,444	340,192	no rating
FNMA PL#966123 @ 6.000%, due 10/01/37	1,138,654	1,174,131	no rating
FNMA PL#AA9592 @ 6.000%, due 01/01/39	416,544	420,530	no rating
GE Capital Commercial Mtg Corp @ 6.531%, due 3/15/11	301,689	312,633	AAA
Greenwich Cap Coml Fdg Corp @ 4.305%, due 08/10/42	205,751	217,898	AAA
JP Morgan Chase Coml Mtg Secs @ 4.625%, due 03/15/46	206,206	208,338	AAA
LB-UBS Commercial Mtg Trust @ 6.226%, due 05/15/11	15,740	14,269	AAA
LB-UBS Commercial Mortgage Tr @ 5.124%, due 11/15/32	153,801	157,767	AAA
L-UBS Commercial Mtg Trust @ 5.594%, due 06/15/31	178,719	182,556	AAA
Salomon Bros Mtg Sec VII @ 6.499%, due 10/13/2011	125,665	134,315	AAA
Wachovia Bk Coml Mtg Tr @ 4.980%, due 10/15/12	142,266	153,597	AAA
Wachovia Bank Comm Mort Trust @ 4.748%, due 02/15/41	384,913	407,634	AAA
Total Mortgage and Asset Backed Securities - Richmond	9,672,431	10,072,160	
<u>Government and Government Sponsored Entity (GSE) Bonds</u>			
U.S. Treasury Bonds @ 4.750%, due 02/15/37	387,269	401,681	AAA
U.S. Treasury Notes @ 3.500%, due 02/15/18	254,271	255,333	AAA
U.S. Treasury Notes @ 2.750%, due 02/15/19	220,185	224,260	AAA
Total Government Bonds - Richmond	861,725	881,274	

See Accompanying Independent Auditors' Report.

MARIANAS PUBLIC LAND TRUST

SCHEDULE 1A

Schedule of Investments - General Fund
September 30, 2009

<u>Fixed Income Securities, Continued</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Ratings</u>
<u>Government and Government Sponsored Entity (GSE) Bonds, Continued</u>			
Federal Home Loan Bank @ 5.500%, due 08/13/14	139,948	141,680	AAA
Federal Home Loan MTG Corp @ 4.500%, due 01/15/15	181,002	179,231	AAA
Federal Home Loan MTG Corp @ 3.750%, due 03/27/19	285,066	285,180	AAA
Federal Home Loan MTG Corp @ 6.750%, due 03/15/31	42,153	45,795	AAA
Total GSE Bonds - Richmond	648,169	651,886	
Total Government and GSE Bonds - Richmond	1,509,894	1,533,160	
<u>Corporate Bonds</u>			
Aetna Inc. @ 5.750%, due 06/15/2011	149,837	157,970	A-
Alcoa Inc. @ 7.375%, due 08/01/10	101,454	103,494	BBB-
Abbott Laboratories @ 5.875%, due 05/15/16	155,753	172,760	AA
Aflac Inc @ 8.500%, due 05/15/19	115,072	131,128	A-
Allstate Corp. @ 5.000%, due 08/15/14	211,292	231,900	A-
American Express @ 4.875%, due 07/15/13	141,134	149,412	BBB+
American Express @ 7.300%, due 08/20/13	140,081	155,259	BBB+
Anheuser Busch Cos I @ 6.750%, due 12/15/27	103,511	110,580	BBB+
AT&T Inc @ 6.400%, due 05/15/38	90,414	95,540	A
Bank of America Corp Global @ 4.875%, due 09/15/12	391,204	410,712	A
Bank New York Co Inc @ 4.950%, due 03/15/15	149,116	165,174	A+
BB&T Corp @ 4.750%, due 10/01/12	100,388	109,511	A-
BB&T Corp @ 5.200%, due 12/23/15	142,415	154,721	A-
Bear Stearns Co Inc @ 5.700%, due 11/15/14	103,860	107,109	A+
Becton Dickinson & Co @ 7.000%, due 08/01/27	139,235	157,474	AA-
Bestfoods Inc @ 6.625%, due 04/15/28	102,226	118,418	A+
Boeing Co @ 7.250%, due 06/15/25	55,633	59,922	A
Bristol Myers Squibb Co @ 6.800%, due 11/15/26	53,804	60,785	A+
Burlington Northern Santa Fe @ 6.150%, due 05/01/37	47,853	55,498	BBB
Campbell Soup Co Global Notes @ 8.875%, due 05/01/21	86,974	95,399	A
Caterpillar Inc @ 5.700%, due 8/15/16	74,846	80,224	A
Chubb Corp. @ 5.750%, due 05/15/18	150,805	164,535	A+
CitiGroup Inc @ 5.500%, due 04/11/13	57,340	61,310	A
CitiGroup Inc @ 6.125%, due 11/21/17	103,092	114,178	A
Coca-Cola Enterprises @ 8.500%, due 02/01/22	75,300	80,732	A
Cooper US Fin Inc @ 6.100%, due 07/01/17	181,238	198,875	A
Conoco Inc. @ 6.950%, due 04/15/29	103,748	111,488	A
Consolidated Nat Gas @ 6.250%, due 11/01/11	110,569	118,602	A-
CSX Corporation @ 6.300%, due 03/15/12	136,953	146,502	BBB-
Dover Corporation @ 6.500%, due 02/15/11	277,181	292,980	A
Dover Corporation @ 6.600%, due 03/15/38	73,699	85,066	A
Duke Energy Corp. @ 7.375%, due 03/01/10	110,609	112,853	A-
Eaton Corp. @ 5.600%, due 05/15/18	158,736	168,242	A-
Equitable Cos Inc. @ 7.000%, due 04/01/28	102,661	87,860	A+
Federal Express Corp Debs @ 9.650%, due 06/15/12	66,333	70,099	BBB
FPL Group Capital Inc. @ 7.875%, due 12/15/15	110,000	134,389	A-
Florida Power Corp @ 5.800%, due 09/15/17	100,092	110,646	A-
General Dynamics Corp @ 4.250%, due 05/15/13	141,458	158,868	A
General Elec Cap Corp @ 4.875%, due 10/21/10	59,832	61,871	AA+
General Elec Cap Cor @ 0.000%, due 11/01/12	148,155	166,495	AA+
General Electric Capital Corp @ 00.645%, due 04/10/12	163,382	192,664	AA+
Goldman Sachs Group Inc. @ 6.600%, due 01/15/12	67,879	70,582	A
Goldman Sachs Group @ 5.150%, due 01/15/14	194,473	215,238	A
Grand Met Invt Corp. @ 9.000%, due 08/15/11	179,228	191,169	A-
Halliburton Co @ 5.900%, due 09/15/18	60,704	65,849	A

See Accompanying Independent Auditors' Report.

MARIANAS PUBLIC LAND TRUST

SCHEDULE 1A

Schedule of Investments - General Fund
September 30, 2009

<u>Fixed Income Securities, Continued</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Ratings</u>
<u>Corporate Bonds, Continued</u>			
Hersheys Food Corp @ 4.850%, due 08/15/15	230,628	252,934	A
Home Depot Inc Global @ 5.400%, due 03/01/16	98,335	104,549	BBB+
Honeywell Intl Inc @ 5.400%, due 03/15/16	193,760	217,480	A
Household Finance Corp @ 8.000%, due 07/15/10	101,122	104,554	A
IBM Corp @ 4.750%, due 11/29/12	94,566	108,163	A+
JP Morgan Chase & Co @ 5.375%, due 01/15/14	196,180	212,700	A+
Key Bank N A @ 5.700%, due 08/15/12	25,519	24,614	BBB+
Key Bank NA @ 4.950%, due 09/15/15	93,610	91,480	A-
Kimberly Clark Corp @ 5.625 due 02/15/12	164,510	177,462	A
Kimberly Clark @ 6.625%, due 08/01/37	44,924	55,526	A
Kraft Foods Inc @ 6.125%, due 08/23/18	122,585	132,586	BBB+
Lincoln Natl Corp. @ 6.200%, due 12/15/11	201,700	209,112	A-
McDonald's Corp @ 5.300%, due 03/15/17	163,114	178,185	A
Mellon Funding @ 5.000%, due 12/01/14	124,657	140,037	A+
Merrill Lynch & Co. @ 5.000%, due 02/03/14	70,410	70,358	A
Metlife Inc. @ 6.125%, due 12/01/11	186,685	198,831	A-
Metlife Inc. @ 5.000%, due 06/15/15	77,086	83,544	A-
Michigan Bell Tel Co @ 7.850%, due 01/15/22	47,220	45,948	A
Morgan Stanley Dean Witter @ 6.750%, due 04/15/11	46,630	47,982	A
News America Holding Inc @ 8.500%, due 02/23/25	115,745	110,534	BBB+
Occidental Petroleum Cor @ 4.125%, due 06/01/16	146,964	154,280	A
Ohio Power Co @ 5.750%, due 09/01/13	209,832	225,750	BBB
Pepsi Bottling Group Inc. @ 7.000%, due 03/01/29	53,641	61,968	A
Pfizer Inc @ 6.200%, due 03/15/19	109,889	123,985	AAA
Phillips Pete Corp @ 9.375%, due 02/15/11	41,351	44,122	A
PNC Funding Corp @ 5.625%, due 02/01/17	129,006	127,919	A-
Sara Lee Corp @ 6.125%, due 11/01/32	42,228	40,718	BBB+
St. Paul Companies Inc. Sr Notes @ 8.125%, due 04/15/10	59,710	62,039	A-
Suntrust Banks Inc. @ 6.000%, due 02/15/26	51,630	39,616	BBB
Sysco Corporation @ 6.500%, due 08/01/28	101,843	116,027	A+
Travelers Cos Inc @ 5.750%, due 12/15/17	157,454	175,382	A-
Union Pacific Corp @ 7.875%, due 01/15/19	67,460	74,390	BBB
United Parcel Svc Amer Inc @ 8.375%, due 04/01/20	89,528	98,644	AA-
Verizon New England Inc. @ 6.500%, due 09/15/11	98,331	102,148	A
Verizon Communications @ 5.500%, due 02/15/18	74,817	78,634	A
Virginia Electric PO @ 8.875%, due 11/15/38	118,275	135,137	A-
Wachovia Corp. @ 4.875%, due 02/15/14	123,479	132,422	A+
Wachovia Corp @ 6.605%, due 10/01/25	67,104	58,585	A+
Wal-Mart Stores Global @ 4.500%, due 07/01/15	178,519	204,607	AA
Walt Disney Co @ 5.875%, due 12/15/17	90,432	99,187	A
Walt Disney Co @ 6.375%, due 03/01/12	91,335	98,825	A
Wells Fargo Co. @ 6.375%, due 08/01/11	198,554	203,612	A+
Wisc Elec Power @ 6.250%, due 12/01/15	160,752	183,976	A-
Wisconsin Pwr & Lt Co @ 6.375%, due 08/15/37	99,431	113,971	A-
Total Corporate Bonds - Richmond	<u>10,550,120</u>	<u>11,386,606</u>	
Total Fixed Income Securities	<u>21,732,445</u>	<u>22,991,926</u>	
Total Equities and Fixed Income Securities	<u>\$ 37,010,339</u>	<u>\$ 40,548,730</u>	

See Accompanying Independent Auditors' Report.

MARIANAS PUBLIC LAND TRUST

SCHEDULE 1B

Schedule of Investments - Park Fund
September 30, 2009

<u>Equities</u>	<u>Cost</u>	<u>Fair Value</u>
<u>Common Stock</u>		
Adobe Systems Inc. (DE)	\$ 21,142	\$ 19,824
Apple Inc	43,230	79,886
AT&T Inc	19,493	21,608
Bank of America Corp	22,360	33,840
Capital One Finl Corp	14,671	28,584
Celgene Corp	14,511	16,770
Cisco Sys Inc	23,349	32,956
CVS Caremark Corp	12,657	15,547
Dow Chemical Co	29,748	33,891
Express Scripts Inc	39,745	46,548
Freeport McMoran Copper & Gold	24,822	41,166
Gilead Sciences Inc	43,112	41,850
Goldman Sachs Group Inc	36,981	73,740
Google Inc	75,544	92,228
Hewlett Packard Co	46,624	56,652
Intel Corp	13,008	19,570
Intl Business Machines Corp	44,457	59,805
JP Morgan Chase & Co	38,112	61,348
Kohls Corp	17,206	22,820
Medco Health Solutions Inc	36,256	44,248
Merck & Co Inc	32,961	47,445
Metlife Inc	9,637	15,228
Microsoft Corp	36,051	48,868
Occidental Petroleum Corp	35,855	47,040
Oracle Corp	20,261	18,756
Philip Morris Intl Inc	45,065	46,303
Praxair Inc	28,477	32,676
Qualcomm Inc	18,938	17,992
Staples Inc	25,527	27,864
State Street Corp	21,344	21,040
Target Corp	24,964	32,676
Transocean Ltd Switzerland	45,579	51,318
Union Pacific Corp	39,834	52,515
United Technologies Corp	44,100	54,837
Vale S A Spon Adr	21,696	37,008
Visa Inc	25,726	27,644
Walt Disney Co	23,890	30,206
Weatherford International Ltd.-Chf	17,057	16,584
Wellpoint Inc	31,084	28,416
Subtotal - Atalanta Sosnoff	<u>1,165,074</u>	<u>1,497,297</u>
ABB Ltd. Spons Adr	17,176	16,633
Allianz SE Adr	11,194	8,798
America Movil S.A.B. De Cv Ser L Spons Adr	7,839	6,575
Atlas Copco Ab Spons Adr	6,034	6,825
Axa S.A. Spons Adr	12,688	13,255
Banco Bilbao Vizcaya-Sp Adr	15,550	14,754
BG Group Plc Spon Adr	9,865	10,884
BNP Paribas Spon Adr	18,291	19,411
Barclays Plc-Adr	18,250	14,964
Bayer A G Sponsored Adr	11,204	10,440
BHP Billiton Ltd Spons Adr	15,273	19,143
British American Tobacco Plc Adr	6,882	7,906
CNOOC Ltd Spons Adr	4,121	4,063
Canon Inc Adr	13,095	13,597

See Accompanying Independent Auditors' Report.

MARIANAS PUBLIC LAND TRUST

SCHEDULE 1B

Schedule of Investments - Park Fund
September 30, 2009

<u>Equities, Continued</u>	<u>Cost</u>	<u>Fair Value</u>
<u>Common Stock, Continued</u>		
China Life Insurance Co Ltd-Sponsored Adr	5,403	6,242
China Mobile Ltd Sponsored Adr	5,516	5,402
Credit Suisse Group Adr	4,786	5,008
DBS Group Hldg Ltd Sp Adr	14,754	12,387
ENI Spa Sponsored Adr	15,987	14,805
E. On Ag Spons Adr	22,918	19,573
Fomento Economico Mexicano S.A.B. De Cv Spons Adr	6,993	8,942
GDF Suez-Eur	7,323	5,752
Glaxosmithkline Plc Sp Adr	9,781	9,087
HSBC Hldg Plc Sp Adr	24,893	24,947
Honda Motor Co. Ltd. Adr	9,588	10,154
Imperial Tobacco Group Plc Sponsored Adr	7,790	7,964
Ing Groep NV Spons Adr	17,952	14,799
Komatsu Ltd Adr	12,480	10,468
Kubata Ltd Adr	3,927	3,725
Lafarge Spons Adr New Lafarge Coppee	19,313	16,552
LVMH Moet Hennessy Louis Vuitton, Paris-Eur Adr	5,743	7,290
Marks & Spencer Group Plc Sponsored Adr	7,712	8,374
Mitsubishi Corp Spons Adr	22,626	19,747
Mitsubishi Est Co. Ltd Adr	9,238	7,441
Mitsubishi UFJ Financial Group Inc Adr	12,929	10,413
National Grid Plc Gbp Spons Adr	6,790	5,752
Nestle S A Sponsored Adr	21,259	23,480
Nidec Corporation Spon Adr	7,599	8,437
Nintendo Co Ltd Adr	11,303	8,524
Nokia Corp Sponsored Adr	13,802	10,015
Nomura Holdings Inc Adr	12,452	8,568
Novartis Ag Adr	14,581	14,862
Petrobras	8,456	8,721
Prudential Plc Adr	9,557	12,519
RWE AG Spons Adr	7,802	6,712
Reed Elsevier NV	9,689	8,294
Rio Tinto Plc-Gbp	12,411	10,217
Roche Hldg Ltd Spon Adr	14,560	15,225
Royal Dutch Shell Plc Adr	17,026	14,297
Sanofi-Aventis Spons Adr	14,355	13,671
Sap AG Spons Adr	13,616	13,928
Siemens A G Spons Adr	24,214	22,775
Sony Corp Spon Adr	10,273	8,030
Sumitomo Mitsui Finl Group Inc Adr	13,051	7,170
Taiwan Semiconductor Mfg Co Ltd Adr	4,678	5,261
Telefonica S.A. Spon Adr	18,892	18,655
Tesco Plc Sponsored Adr	19,169	18,826
Teva Pharmaceutical Inds Ltd Adr	7,531	8,090
Total S.A. Spons Adr	25,583	25,778
Toyota Motor Corp Adr	11,213	9,350
Vale S A Spon Adr	11,090	12,028
Vodafone Group Plc Spons Adr	24,215	21,037
WPP Plc Adr	13,265	11,817
Wolters Kluwer N V Sp Adr	9,596	9,607
Zurich Fincl Svcs Spon Adr	12,540	13,419
Subtotal - JP Morgan	<u>815,682</u>	<u>771,385</u>
Total Common Stock	<u>1,980,756</u>	<u>2,268,682</u>
Total Equities	<u>1,980,756</u>	<u>2,268,682</u>

See Accompanying Independent Auditors' Report.

MARIANAS PUBLIC LAND TRUST

SCHEDULE 1B

Schedule of Investments - Park Fund
September 30, 2009

<u>Fixed Income Securities</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Ratings</u>
<u>Mortgage and Asset Backed Securities</u>			
Bear Stears Commercial Mort SE @ 5.186%, due 09/11/13	26,578	25,910	AAA
CS First Boston Mortg SEC Corp @ 6.133% 03/15/12	46,120	47,552	AAA
Chase Issuance Trust @ 4.550%, due 03/15/13	30,471	31,326	AAA
FHLMC PL#A39210 @ 5.500%, due 10/01/35	82,880	85,658	no rating
FHLMC PL#A47758 @ 5.000%, due 11/01/35	46,266	49,358	no rating
FHLMC PL#E63380 @ 6.500%, due 03/01/11	328	314	no rating
FHLMC PL#A87388 @ 5.000%, due 07/01/39	76,191	77,017	no rating
FHLMC PL#G11736 @ 5.000%, due 06/01/20	29,861	31,324	no rating
FHLMC PL#G12333 @ 4.500%, due 06/01/21	42,065	47,021	no rating
FHLMC PL#G13174 @ 5.000%, due 06/01/23	50,131	50,302	no rating
FHLMC PL#G13468 @ 4.500%, due 03/01/24	44,994	45,200	no rating
FNMA PL#603265 @ 5.500%, due 09/01/16	2,726	2,775	no rating
FNMA PL#725414 @ 4.500%, due 05/01/19	17,699	19,555	no rating
FNMA PL#739168 @ 5.500%, due 09/01/18	3,563	3,349	no rating
FNMA PL#743002 @ 5.500%, due 10/01/18	3,893	2,580	no rating
FNMA PL#745506 @ 5.849%, due 02/01/16	47,289	52,469	no rating
FNMA PL#831831 @ 6.000%, due 09/01/36	34,028	35,632	no rating
FNMA PL#922270 @ 5.500%, due 12/01/36	68,298	71,415	no rating
FNMA PL#931195 @ 4.500%, due 05/01/24	47,729	47,753	no rating
FNMA PL#966123 @ 6.000%, due 10/01/37	126,517	130,459	no rating
GE Capital Commercial Mtg Corp @ 6.531% 03/15/11	20,469	20,842	AAA
GNMA PL#782379X @ 6.000%, due 08/15/38	25,878	27,249	no rating
Greenwich Cap Commercial Fund @ 4.533%, due 07/05/10	24,766	25,521	AAA
JP Morgan Chase Commer Mtg Sec @ 4.767%, due 03/12/13	29,255	30,981	AAA
L-UBS Commercial Mtg Trust @ 5.594%, due 06/15/31	25,487	26,080	AAA
Morgan Stanley Capital I @ 4.970%, 12/15/41	33,681	34,493	AAA
Wachovia Bk Coml Mtg Tr @ 4.980%, due 10/15/12	14,142	15,360	AAA
Total Mortgage and Asset Backed Securities - Richmond	1,001,305	1,037,495	
<u>Government and Government Sponsored Entity (GSE) Bonds</u>			
U.S. Treasury Bonds @ 4.750%, due 02/15/37	44,051	44,631	AAA
U.S. Treasury Notes @ 3.375%, due 07/31/13	25,274	26,480	AAA
U.S. Treasury Notes @ 3.500%, due 02/15/18	35,473	35,747	AAA
U.S. Treasury Notes @ 2.750%, due 02/15/19	9,605	9,543	AAA
Federal Home Loan Bank @ 5.500%, due 08/13/14	44,845	45,338	AAA
Federal Natl Mtg Assn @ 5.000%, due 03/15/16	27,030	27,609	AAA
Total Government and GSE Bonds - Richmond	186,278	189,348	
<u>Corporate Bonds</u>			
Abbott Laboratories @ 5.875%, due 05/15/16	9,940	11,146	AA
Ace Ina Holdings @ 5.600%, due 05/15/15	10,245	10,822	A-
Aetna Inc Notes @ 5.750%, due 06/15/2011	10,084	10,531	A-
Aflac Inc @ 8.500%, due 05/15/19	10,461	11,921	A-
Alcoa Inc. @ 7.375%, due 08/01/10	15,218	15,524	BBB-
Allstate Corp @ 5.000%, due 08/15/14	28,813	31,623	A-
American Express Co Notes @ 4.875%, due 07/15/13	9,733	10,304	BBB+
American Express Global @ 6.150%, due 08/28/17	9,974	10,504	BBB+
American Express Co @ 8.150%, due 03/19/38	9,963	12,203	BBB+
Atlantic Richfield @ 8.500%, due 04/01/12	5,445	5,801	AA
AT&T Broadband Corp @ 9.455%, due 11/15/22	12,008	12,850	BBB+
Bank of New York Mellon @ 5.450%, due 05/15/19	10,053	10,810	AA-
BB&T Corp. @ 5.200%, due 12/23/15	14,197	15,472	A-
BB&T Corp. @ 4.900%, due 06/30/17	9,314	9,842	A-

See Accompanying Independent Auditors' Report.

MARIANAS PUBLIC LAND TRUST

SCHEDULE 1B

Schedule of Investments - Park Fund
September 30, 2009

<u>Fixed Income Securities, Continued</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Ratings</u>
<u>Corporate Bonds, Continued</u>			
Becton Dickinson & Co. @ 7.000%, due 08/01/27	5,306	6,057	AA-
Bell South Telecommunications @ 6.375%, due 06/01/28	9,113	10,545	A
Bestfoods Inc @ 6.625%, due 04/15/28	10,454	11,842	A+
Boeing Co. @ 7.250%, due 06/15/25	11,127	11,984	A
Boeing Capital Corp Notes @ 7.375%, due 09/27/10	15,332	15,824	A
Burlington Northern Santa Fe @ 6.150%, due 05/01/37	4,785	5,550	BBB
Campbell Soup Co. @ 8.875%, due 05/01/21	6,212	6,814	A
Caterpillar Inc. @ 5.700%, due 08/15/16	9,979	10,696	A
Chubb Corp. @ 6.600%, due 08/15/18	5,048	5,753	A+
Citigroup Inc. @ 5.500%, due 04/11/13	9,557	10,218	A
Coca Cola Enterprises Inc. @ 6.950%, due 11/15/26	5,656	6,112	A
Cooper US Fin Inc @ 6.100%, due 07/01/17	10,069	11,049	A
Conoco Inc @ 6.950%, due 04/15/29	5,426	5,868	A
ConocoPhillips @ 5.750%, due 02/01/19	4,989	5,447	A
Consolidated Nat Gas @ 6.250%, due 11/01/11	10,052	10,782	A-
Costco Wholesale Cor @ 5.500%, due 03/15/17	20,262	21,867	A
CSX Corporation @ 6.300%, due 03/15/12	10,081	10,852	BBB-
Devon Energy Corp @ 6.300%, due 01/15/19	20,147	22,066	BBB+
Dover Corporation @ 6.500%, due 02/15/11	25,198	26,635	A
Duke Energy Corp. @ 7.375%, due 03/01/10	5,028	5,130	A-
Eaton Corp. @ 5.600%, due 05/15/18	14,881	15,773	A-
Emerson Electric Co @ 4.875%, due 10/15/19	15,161	15,872	A
Equitable Cos Inc. @ 7.000%, due 04/01/28	9,644	8,786	A+
Federal Express Corp @ 9.650%, due 06/15/12	11,056	11,683	BBB
Florida Power Corp 1st Mtg @ 5.800%, due 09/15/17	10,009	11,065	A-
General Dynamics Corp @ 4.250%, due 05/15/13	9,431	10,591	A
General Elec Cap Corp Global @ 5.450%, due 01/15/13	26,022	31,616	AA+
General Elec Capital Corp @ 4.750%, due 09/15/14	4,884	5,133	AA+
Goldman Sachs Group @ 6.600%, due 01/15/12	5,221	5,429	A
Goldman Sachs Group Inc @ 5.625%, due 01/15/17	19,095	20,149	A-
Grand Met Invt Corp @ 9.000%, due 08/15/11	16,036	16,968	A-
Halliburton Co @ 5.900%, due 09/15/18	10,117	10,975	A
Heinz (H.J.) Co. @ 6.375%, due 07/15/28	5,135	5,355	BBB
Hershey Company @ 5.450%, due 09/01/16	15,001	16,054	A
Household Finance Corp @ 8.000%, due 07/15/10	10,112	10,455	A
IBM Corp @ 4.750%, due 11/29/12	14,185	16,224	A+
JP Morgan Chase & Co @ 5.375% 1/15/14	14,713	15,952	A+
Key Bank N A @ 5.700%, due 08/15/12	5,104	4,923	BBB+
Key Bank NA @ 4.950%, due 09/15/15	14,041	13,722	A-
Kimberly Clark @ 6.625%, due 08/01/37	4,992	6,170	A
Kraft Foods Inc. @ 6.125%, due 08/23/18	9,807	10,607	BBB+
Lincoln Natl Corp @ 6.200%, due 12/15/11	15,128	15,683	A-
M & T Bk Corp @ 5.375%, due 05/24/12	23,188	25,751	A-
McDonalds Corp-Reg @ 8.875%, due 04/01/11	26,663	27,752	A
Mellon Funding @ 5.000%, due 12/01/14	9,998	10,772	A+
Merrill Lynch & Co. Inc. @ 5.000%, due 02/03/14	10,062	10,051	A
Metlife Inc. @ 6.125%, due 12/01/11	20,182	21,495	A-
Metlife Inc. @ 5.000%, due 06/15/15	9,636	10,443	A-
Morgan Stanley Global Sub @ 4.750%, due 04/01/14	27,815	29,779	A-
News America Holding Inc @ 8.500%, due 02/23/25	11,508	11,053	BBB+
Occidental Petroleum Cor @ 4.125%, due 06/01/16	9,798	10,285	A
Ohio Power Co @ 5.750%, due 09/01/13	14,988	16,125	BBB
Phillips Pete Corp Notes-Reg @ 9.375%, due 02/15/11	10,338	11,030	A
PNC Funding Corp @ 5.625%, due 02/01/17	9,923	9,840	A-
Sara Lee Corp @ 6.125%, due 11/01/32	5,278	5,090	BBB+

See Accompanying Independent Auditors' Report.

MARIANAS PUBLIC LAND TRUST

SCHEDULE 1B

Schedule of Investments - Park Fund
September 30, 2009

<u>Fixed Income Securities, Continued</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Ratings</u>
<u>Corporate Bonds, Continued</u>			
Suntrust Banks Inc @ 6.000%, due 02/15/26	10,496	7,923	BBB
Sysco Corporation @ 6.500%, due 08/01/28	10,184	11,603	A+
Travelers Cos Inc @ 5.750%, due 12/15/17	9,772	10,961	A-
Union Pacific Corp @ 7.875%, due 01/15/19	11,243	12,398	BBB
United Parcel Service @ 6.200%, due 01/15/38	10,293	11,687	AA-
United Technologies Corp @ 8.875%, due 11/15/19	12,877	13,413	A
US Bank NA @ 4.800%, due 04/15/15	4,789	5,282	A+
US Bank NA @ 6.375%, due 08/01/11	20,843	21,606	A+
Verizon Communications @ 5.500%, due 02/15/18	9,976	10,485	A
Verizon New England Inc @ 6.500%, due 09/15/11	10,351	10,752	A
Virginia Electric PO @ 8.875%, due 11/15/38	6,225	7,112	A-
Wal-Mart Stores Global @ 4.500%, due 07/01/15	13,975	16,153	AA
Walt Disney Company @ 5.875%, due 12/15/17	10,048	11,021	A
Walt Disney Company @ 6.375%, due 03/01/12	15,222	16,471	A
Wachovia Corp. @ 4.875%, due 02/15/14	9,424	10,186	A+
Wisconsin Pwr & Lt Co @ 6.375%, due 08/15/37	4,972	5,699	A-
Total Corporate Bonds - Richmond	<u>989,111</u>	<u>1,061,847</u>	
Total Fixed Income Securities	<u>2,176,694</u>	<u>2,288,690</u>	
Total Equities and Fixed Income Securities	<u>\$ 4,157,450</u>	<u>\$ 4,557,372</u>	

See Accompanying Independent Auditors' Report.

MARIANAS PUBLIC LAND TRUST

SCHEDULE 2

Schedule of Administrative Expenses
 Compared to Budget
 Year Ended September 30, 2009

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Money manager fees	\$ 163,011	\$ 163,991	\$ (980)
Loan administration	135,765	135,246	519
Consultancy fees	103,880	103,880	-
Salaries and benefits	92,292	91,410	882
Money management administration	73,756	75,100	(1,344)
Office supplies	68,832	72,519	(3,687)
Contract services	67,000	66,950	50
Professional fees	36,055	38,515	(2,460)
Rent and utilities	26,716	25,759	957
Trustees' expenses	31,525	25,300	6,225
Depreciation	18,519	18,262	257
Audit	13,200	13,288	(88)
	<u>\$ 830,551</u>	<u>\$ 830,220</u>	<u>\$ 331</u>
Total			

See Accompanying Independent Auditors' Report.

MARIANAS PUBLIC LAND TRUST
(A COMPONENT UNIT OF THE COMMONWEALTH
OF THE NORTHERN MARIANA ISLANDS)

INDEPENDENT AUDITORS' REPORTS ON
INTERNAL CONTROL AND ON COMPLIANCE

YEAR ENDED SEPTEMBER 30, 2009

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

Board of Trustees
Marianas Public Land Trust:

We have audited the financial statements of the Marianas Public Land Trust (MPLT) as of and for the year ended September 30, 2009, and have issued our report thereon dated June 30, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered MPLT's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of MPLT's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of MPLT's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider to be a significant deficiency.

A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of entity's financial statements that is more than inconsequential will not be prevented or detected by entity's internal control. We consider the deficiency described in the accompanying Schedule of Findings and Responses, item 2009-1 (page 3) to be a significant deficiency in internal control over financial reporting.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material misstatement of the financial statements will not be prevented or detected by entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we do not consider the significant deficiency described above to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether MPLT's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and is described in the accompanying Schedule of Findings and Responses as item 2009-1.

We noted certain matters that we reported to management of MPLT in a separate letter dated June 30, 2010.

MPLT's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. We did not audit MPLT's responses and, accordingly, we express no opinion on it.

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

Deloitte & Touche LLC

June 30, 2010

MARIANAS PUBLIC LAND TRUST

Schedule of Findings and Responses
Year Ended September 30, 2009

Board Minutes

Finding No. 2009-1

Criteria: Minutes of board and executive meetings should be appropriately and promptly documented and maintained.

Condition: During the year ended September 30, 2009, the Board of Trustees' minutes of meetings were not all readily available. Notes and summaries were provided for meetings in which board minutes were not available. Of six board minutes provided, only one (December 10, 2008) was officially adopted.

Cause: The cause of the above condition is the lack of timely transcription of the minutes of meetings.

Effect: The effect of the above condition is an incomplete and inaccurate record of management and board of directors' actions and decisions.

Recommendation: We recommend that management ensure that all board of trustees and executive meetings be appropriately and promptly documented.

Prior Year Status: This matter was included in our previous management letter dated June 15, 2009.

Auditee Response and Corrective Action Plan:

Name of Contact Person: Bruce M. MacMillan, Consultant

Corrective Action: The Trustees agrees with this finding and have been struggling with this issue for most of 2009. MPLT has instituted administrative changes to include additional or new staffing; converting to a digital recording format; and the Trustees have moved to monitor the presentation of minutes consistent with the requirements of the Open Government Act. Further, in May 2010, a new employee was hired and tasked to maintain the minutes in a timely manner. No corrective action is deemed necessary as additional staff have been hired.

Proposed Completion Date: May 1, 2010

MARIANAS PUBLIC LAND TRUST

Unresolved Prior Year Comments
Year Ended September 30, 2009

The status of the unresolved prior year findings is disclosed within the Schedule of Findings and Responses section of this report (page 3).