DEPARTMENT OF PUBLIC LANDS
(A GOVERNMENTAL FUND OF THE
COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS)

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT

YEARS ENDED SEPTEMBER 30, 2020 AND 2019

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INDEPENDENT AUDITORS' REPORT

Mr. Sixto K. Igisomar
Secretary
Department of Public Lands

Report on the Financial Statements

We have audited the accompanying financial statements of the Department of Public Lands (DPL), a governmental fund of the Commonwealth of the Northern Mariana Islands (CNMI), which comprise the balance sheets as of September 30, 2020 and 2019, and the related statements of revenues, expenditures and changes in fund balances for the years then ended, and the related notes to the financial statements, which collectively comprise DPL's basic financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Department of Public Lands as of September 30, 2020 and 2019, and the results of its operations for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis-of-Matters

As discussed in note 1, the financial statements present only the financial position and changes in fund balances of DPL. They are not intended to present the financial position and changes in fund balances of the CNMI in conformity with accounting principles generally accepted in the United States of America.

The CNMI Constitution requires that all revenues received by DPL in excess of the amount necessary to meet reasonable expenses of administration and management, land surveying, homestead development, and any other expenses reasonably necessary for the accomplishment of its functions, must be transferred to the Marianas Public Land Trust (MPLT). Additionally, as discussed in note 1, the CNMI Office of the Attorney General issued an opinion on the constitutionality of DPL's expenditure of revenues from public lands to cover its operating expenses and has recommended that a certified question be presented to the CNMI Supreme Court. DPL has reserved fund balance amounts for its ensuing year's budget. The effects of potential noncompliance with the CNMI Constitution, if any, could not be determined.

COVID-19

Economic uncertainties as a result of the COVID-19 coronavirus pandemic may negatively impact DPL's future financial results as described in note 9 to the financial statements.

Restatement

As discussed in note 10 to the financial statements, management has determined that liabilities accrued in prior years were not removed after payments had been made as well as certain accruals being recorded and has restated accounts payable, compensated absences and fund balance as of the beginning of fiscal year 2019.

Our opinion is not modified with respect to these matters.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 19, 2022 on our consideration of DPL's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of DPL's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering DPL's internal control over financial reporting and compliance.

Deloitte & Touche LLC

October 19, 2022

DEPARTMENT OF PUBLIC LANDS
(A Governmental Fund of the Commonwealth of the Northern Mariana Islands)

Balance Sheets
September 30, 2020 and 2019

ASSETS	2020	2019 (As Restated)
Cash and cash equivalents	$ 12,524,216	$ 11,229,552
Restricted cash and cash equivalents	1,234,804	11,327,652
Receivables, net	720,032	1,011,966
Total assets	$ 14,479,052	$ 23,569,170
LIABILITIES		
Accounts payable	$ 195,728	$ 204,379
Accrued liabilities	244,657	176,719
Due to CNMI	77,428	15,047
Security deposits	1,289,801	11,327,700
Unearned revenues	633,267	1,354,346
Due to MPLT	6,051,886	4,451,471
Total liabilities	8,492,767	17,529,662
Commitment and contingencies		
FUND BALANCES		
Fund balances:		
Reserved	5,986,285	6,039,508
Total fund balances	5,986,285	6,039,508
Total liabilities and fund balances	$ 14,479,052	$ 23,569,170

See accompanying notes to financial statements.

DEPARTMENT OF PUBLIC LANDS
(A Governmental Fund of the Commonwealth of the Northern Mariana Islands)

Statements of Revenues, Expenditures and Changes in Fund Balances
Years Ended September 30, 2020 and 2019

	2020	2019 (As Restated)
Revenues:		
Land leases	$ 4,740,922	$ 5,521,072
Temporary permits	470,336	552,221
Reimbursement from federal agencies	90,114	313,692
Submerged land	60,000	62,000
Filing fees and others	32,725	50,070
Interest and late fees from outstanding receivables	22,970	191,746
Agriculture/grazing permits	17,682	10,063
Commercial permits	5,087	7,923
Other	61,828	165,786
Total revenues	5,501,664	6,874,573
Expenditures:		
Administrative:		
Salaries and wages	2,406,035	2,030,495
MPLT	1,600,415	4,605,342
Personnel benefits	493,312	485,032
Rental	212,490	169,329
Utilities	127,441	387,599
Homestead development	116,477	180,533
Professional fees	90,905	437,196
Supplies	67,600	44,829
Travel and transportation	55,820	173,590
Repairs and maintenance	37,418	39,308
Fuel and lubricants	37,073	25,854
Communications	21,164	18,768
Advertising	20,998	12,285
Insurance	15,055	41,233
Miscellaneous	319,096	96,558
Total expenditures	5,621,299	8,747,951
Excess (deficiency) of revenues over (under) expenditures	(119,635)	(1,873,378)
Other financing sources:		
Interest income	66,412	358,695
Total other financing sources	66,412	358,695
Net change in fund balances	(53,223)	(1,514,683)
Fund balances at beginning of year	6,039,508	7,554,191
Fund balances at end of year	$ 5,986,285	$ 6,039,508

See accompanying notes to financial statements.

(1) Organization and Purpose

The Department of Public Lands (DPL), a governmental fund of the Commonwealth of the Northern Mariana Islands (CNMI), is the successor to the Marianas Public Lands Authority (MPLA) and is responsible for the management, use and disposition of public lands in the Northern Marianas through lease and permit arrangements and also administration of the homestead program for qualifying Northern Mariana citizens.

On February 22, 2006, Public Law 15-02 was enacted to create DPL within the Executive Branch of the CNMI Government and to transfer the obligations and responsibilities of MPLA to DPL. DPL is responsible for administration, use, leasing, development and disposition of all lands defined as public lands by Article XI of the CNMI Constitution or any other provision of law, subject to the provisions of Public Law 15-02 and except as limited by transfers of freehold interest to individuals, entities, or other government agencies. DPL's authority does not extend to the issuance of land use permits and licenses, except as specifically provided for in Public Law 15-02 and does not limit in any respect the authority of other Commonwealth agencies to issue permits and licenses pursuant to their respective enabling legislation. DPL is headed by a Secretary appointed by the Governor with the advice and consent of the Senate.

On April 6, 2020, the Department of Lands and Natural Resources (DLNR) issued a memorandum to DPL regarding the immediate lateral transfer of DLNR employees to DPL per instructions of the Governor and Lieutenant Governor. This is in response to the decline in funds as a result of the effects of the COVID-19 pandemic worldwide. Notice of personnel actions were executed to effect the transfer.

The CNMI Constitution requires that all revenues received by DPL in excess of the amount necessary to meet reasonable expenses of administration and management, land surveying, homestead development, and any other expenses reasonably necessary for the accomplishment of its functions, must be transferred to the Marianas Public Land Trust (MPLT), a component unit of the CNMI which manages all monies received by it from DPL. DPL has determined that amounts appropriated for homestead development and other matters can be considered reserved. Any change from this determination will be treated prospectively. DPL has determined that amounts due to MPLT equal its unreserved fund balance; as such DPL has recorded due to MPLT of $6,051,886 and $4,451,471 as of September 30, 2020 and 2019, respectively. On August 19, 2019, May 13, 2019, May 3, 2019, September 14, 2018 and February 14, 2018, DPL transferred $567,508, $2,414,477, $3,345,700, $1,501,174 and $866,339, respectively, to MPLT in accordance with requirements of the CNMI Constitution.

On October 15, 2018, the CNMI Office of the Attorney General (OAG) issued an opinion on the constitutionality of DPL's expenditure of revenues from public lands to cover its operating expenses. The opinion concluded that supplemental appropriations to DPL may not be made from unobligated and unencumbered prior fiscal year balances and that these balances must be transferred to MPLT. The OAG opinion also questioned how much, if any, and for what may the Legislature appropriate from public land revenues to DPL and recommended that a certified question be presented to the CNMI Supreme Court. Resolution of the matter has yet to occur.

(2) Summary of Significant Accounting Policies

The accounting policies of DPL conform to accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the recognized standard-setting body for establishing governmental accounting and financial reporting principles. DPL's significant accounting policies are described below:

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 expenditures during the reporting period. Actual results could differ from those estimates.

Fund Accounting

The accompanying financial statements present balance sheets and statements of revenues, expenditures and changes in fund balances. The assets, liabilities and fund balances of DPL are reported in self-balancing funds. Transactions between funds, if any, have not been eliminated.

Measurement Focus and Basis of Accounting

The accompanying financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as they become susceptible to accrual; generally, when they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, revenues are considered available if they are collected within ninety days of the end of the current fiscal period.

Concentrations of Credit Risk

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

At September 30, 2020 and 2019, DPL has cash deposits and investments in bank accounts that exceed federal depository insurance limits. DPL has not experienced any losses in such accounts.

(2) Summary of Significant Accounting Policies, Continued

Cash and Cash Equivalents and Time Certificates of Deposit

For purposes of the balance sheets, DPL considers all highly liquid investments with a maturity of three months or less when purchased to be cash and cash equivalents. At September 30, 2020 and 2019, total cash and cash equivalents, and the corresponding bank balances, were $13,759,020 and $22,557,204, respectively. The bank balances are maintained in a financial institution subject to Federal Deposit Insurance Corporation (FDIC) insurance as of September 30, 2020 and 2019 and deposits of $250,000 were FDIC insured as of those dates. Public Law No. 12-61, the Government Deposit Safety Act of 1994, as amended, governs the general deposit policies of the CNMI and requires that all deposits of public funds made by the CNMI are to be collateralized by U.S. Government obligations at the rate of 100% of the corresponding bank deposit. As of September 30, 2020, deposits of $13,529,752 maintained in a financial institution subject to FDIC insurance are collateralized by U.S. government obligations at the rate of 100%.

Restricted Cash and Cash Equivalents

Restricted cash and cash equivalents of $1,234,804 and $11,327,652 represent security deposits received from lessees as of September 30, 2020 and 2019, respectively.

Receivables

DPL leases and grants permits for the use of public lands within the CNMI and bills for these charges on a regular basis. The accumulated provision for uncollectible accounts is stated at an amount which management believes will be adequate to absorb possible losses on receivables that may become uncollectible based on evaluations of the collectability of these accounts and prior collection experience. The allowance is established through a provision for bad debt charged to expense. Uncollectible accounts are written off by the specific identification method against the allowance.

Property and Equipment

Property and equipment of DPL are not recorded in the accompanying financial statements but are recorded in the general purpose financial statements of the CNMI.

Unearned Revenues

Unearned revenues represent prepaid lease income and other prepayments.

Compensated Absences

Vested or accumulated vacation leave at September 30, 2020 and 2019 were $318,933 and $153,871, respectively. Accumulated sick pay benefits as of September 30, 2020 and 2019 were $225,775 and $187,656, respectively. These amounts, however, are not recorded at the fund level.

(2) Summary of Significant Accounting Policies, Continued

Security Deposits

Security deposits are primarily comprised of deposits related to land leases held by hospitality establishments in Saipan. On October 16, 2019, DPL transferred security deposits of $10,000,000 to the CNMI to settle a lessee's outstanding obligations.

Reserved Fund Balance

Reserved fund balance amounts are constrained for specific purposes which are externally imposed. DPL has reserved fund balance of $430,119 and $516,596 for homestead development, $4,556,166 and $4,369,041 for the ensuing years budget, and $1,000,000 and $1,000,000 for settlement fees received (see note 5) at September 30, 2020 and 2019, respectively.

Homestead Development

During the years ended September 30, 2020 and 2019, DPL expended $116,477 and $180,533, respectively, on land surveying, road construction and right-of-ways for homestead development.

Retirement Plan

DPL does not record pension expense and a related net pension asset or liability, deferred inflows of resources and deferred outflows of resources as such recording is the responsibility of the CNMI.

DPL contributed to the Northern Mariana Islands Retirement Fund's (NMIRF) defined benefit plan (DB Plan), a cost-sharing, multiple-employer plan established and administered by the CNMI. On September 30, 2013, the DB Plan was transferred to the Northern Mariana Islands Settlement Fund (NMISF). DPL also contributes to a defined contribution plan (DC Plan).

On August 30, 2012, Public Law 17-79 was enacted to amend Title I of the Commonwealth Code to include the intent of the CNMI to participate in the retirement insurance system established by Title II of the U.S. Federal Insurance Contributions Act (FICA) and for participation to be extended to elected officials, employees, political subdivisions and instrumentalities of the CNMI. On September 11, 2012, Public Law 17-82 CNMI Pension Reform Recovery Act of 2012 was enacted. Unless specifically exempted or authorized by federal law, Public Law 17-82 provides for mandatory membership of CNMI Government employees and elected officials in the U.S. Social Security system and authorizes employees, who elect, to buy quarters of service in the U.S. Social Security system from contributions made to the DB plan. In addition, Public Law 17-82 provides active and inactive DB Plan members the option to voluntarily terminate membership in the DB Plan, withdraw or roll over contributions to the DC Plan and to participate in the U.S. Social Security system without termination of employment or penalty. Further, Public Law 17-82 allows the CNMI Government to continue remitting its 4% employer contribution to the DC Plan unless the employee ceases to contribute the employee share.

(2) Summary of Significant Accounting Policies, Continued

Retirement Plan, Continued

On March 11, 2013, Public Law 18-02 was enacted to amend Public Law 17-82 to clarify those provisions necessary to expedite the refunds and to prevent any further frustration of the process. Included in the public law is the amendment of Section 203(a) of Title 1, Division 8, Part 3, which states that the government obligation to withhold and remit the employee's portion to the employee's defined account shall continue with respect to employees who do not terminate membership in the DB Plan. All but two active DPL employees voluntarily terminated membership in the DB Plan and DPL contributed $-0- and $5,914 to the DB Plan during the years ended September 30, 2020 and 2019, respectively. At September 30, 2020, there were no active employees contributing to the DB Plan.

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. DPL is required to contribute to each member's individual account an amount equal to 4% of the member's compensation. DPL's recorded DC contributions for the years ended September 30, 2020 and 2019 were $24,048 and $30,660, respectively, equal to the required contributions for each year. Members of the DC Plan, who have completed five years of government service, have a vested balance of 100% of both member and employer contributions plus any earnings thereon.

New Accounting Standards

During the year ended September 30, 2020, GASB issued Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance, which postpones the effective dates of GASB Statement No.'s 84, 89, 90, 91, 92 and 93 by one year and GASB Statement No. 87 by 18 months; however, earlier application of the provisions addressed in GASB Statement No. 95 is encouraged and is permitted to the extent specified in each pronouncement as originally issued. In accordance with GASB Statement No. 95, management has elected to postpone implementation of these statements.

In January 2017, GASB issued Statement No. 84, Fiduciary Activities. This Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The requirements of this Statement will enhance consistency and comparability by (1) establishing specific criteria for identifying activities that should be reported as fiduciary activities and (2) clarifying whether and how business-type activities should report their fiduciary activities. Management does not believe that this statement, upon implementation, will have a material effect on the financial statements. In accordance with GASB Statement No. 95, GASB Statement No. 84 will be effective for fiscal year ending September 30, 2021.

(2) Summary of Significant Accounting Policies, Continued

New Accounting Standards, Continued

In June 2017, GASB issued Statement No. 87, Leases. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and as inflows of resources or outflows of resources recognized based on the payment provisions of the contract. Management believes that this statement, upon implementation, will have a material effect on the financial statements. In accordance with GASB Statement No. 95, GASB Statement No. 87 will be effective for fiscal year ending September 30, 2022.

In June 2018, GASB issued Statement No. 89, Accounting for Interest Cost Incurred Before the End of a Construction Period. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. Management does not believe that this statement, upon implementation, will have a material effect on the financial statements. In accordance with GASB Statement No. 95, GASB Statement No. 89 will be effective for fiscal year ending September 30, 2022.

In March 2018, GASB issued Statement No. 90, Majority Equity Interests - An Amendment of GASB Statements No. 14 and 61. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. Management does not believe that this statement, upon implementation, will have a material effect on the financial statements. In accordance with GASB Statement No. 95, GASB Statement No. 90 will be effective for fiscal year ending September 30, 2021.

In May 2019, GASB issued Statement No. 91, Conduit Debt Obligations. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. Management does not believe that this statement, upon implementation, will have a material effect on the financial statements. In accordance with GASB Statement No. 95, GASB Statement No. 91 will be effective for fiscal year ending September 30, 2023.

(2) Summary of Significant Accounting Policies, Continued

New Accounting Standards, Continued

In January 2020, GASB issued Statement No. 92, Omnibus 2020. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics and includes specific provisions about the effective date of Statement No. 87, Leases, and Implementation Guide No. 2019-3, Leases, for interim financial reports, the terminology used to refer to derivative instruments and the applicability of certain requirements of Statement No. 84, Fiduciary Activities, to postemployment benefits. The requirements related to the effective date of GASB Statement No. 87 and Implementation Guide 2019-3, reissuance recoveries and terminology used to refer to derivative instruments are effective upon issuance. The remaining requirements of GASB Statement No. 92 are effective for the fiscal year ending September 30, 2022.

In March 2020, GASB issued Statement No. 93, Replacement of Interbank Offered Rates. The primary objective of this Statement is to address those and other accounting and financial reporting implications of the replacement of an IBOR. Management does not believe that this Statement, upon implementation, will have a material effect on the financial statements. In accordance with GASB Statement No. 95, GASB Statement No. 93 will be effective for fiscal year ending September 30, 2022.

In March 2020, GASB issued Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements. The primary objective of this statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements. Management does not believe that this statement, upon implementation, will have a material effect on the financial statements. GASB Statement No. 94 will be effective for fiscal year ending September 30, 2023.

In May 2020, GASB issued Statement No. 96, Subscription-Based Information Technology Arrangements. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset - an intangible asset - and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. Management does not believe that this statement, upon implementation, will have a material effect on the financial statements. GASB Statement No. 96 will be effective for fiscal year ending September 30, 2023.

(2) Summary of Significant Accounting Policies, Continued

New Accounting Standards, Continued

In June 2020, GASB issued Statement No. 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans - an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. Management does not believe that this statement, upon implementation, will have a material effect on the financial statements. GASB Statement No. 97 will be effective for fiscal year ending September 30, 2022.

(3) Receivables

A summary of receivables as of September 30, 2020 and 2019 is as follows:

	2020	2019
Leases and permits	$ 2,358,422	$ 2,614,392
Notes	2,446,859	2,482,583
Other receivables	25,132	25,372
	4,830,413	5,122,347
Less allowance for doubtful accounts	(4,110,381)	(4,110,381)
	$ 720,032	$ 1,011,966

During the years ended September 30, 2014, 2013, 2012, 2011 and 2010, DPL directly disbursed $6,324, $38,307, $690,898, $17,157 and $1,249,460, respectively, to NMIRF. The disbursements may have duplicated payments made by the CNMI but, as reimbursement from NMIRF is uncertain, DPL has not recorded the amounts as a receivable.

(4) Due to CNMI

Effective October 1, 2007, disbursement of certain DPL expenses was centralized at the CNMI Department of Finance (DOF). DPL reimburses the CNMI for expenses paid on behalf of DPL. DPL reimbursed DOF $3,911,707 and $4,925,825 during the years ended September 30, 2020 and 2019, respectively. Due to CNMI of $77,428 and $15,047 as of September 30, 2020 and 2019, respectively, represents DPL expenses paid by the CNMI which have not been reimbursed.

(5) Revenues

DPL leases and grants permits for the use of public lands. Lease and permit terms range from one to twenty-five years and in most instances contain provisions for percentage rent. Lease and permit income for the years ended September 30, 2020 and 2019 amounted to $5,326,752 and $6,203,349, respectively. Minimum future lease income is as follows:

Year ending September 30,	Minimum Lease Income Due
2021	$ 1,312,293
2022	1,251,387
2023	1,176,999
2024	1,135,628
2025	1,131,006
2026 - 2030	3,869,963
2031 - 2035	2,407,160
2036 - 2040	1,445,209
2041 - 2045	62,083
2046 - 2050	62,083
2051 - 2055	58,979
	$ 13,912,790

On April 26, 2016, the CNMI Office of the Attorney General filed cross-claims on behalf of DPL against a lessee and a third party for unfair and deceptive trade practices in connection with a pending DPL request for proposal. On May 9, 2016, the entire case including the antitrust claims were settled through mediation, with DPL receiving $500,000 from each of the parties. A dispute now exists as to the source of the $1,000,000 settlement proceeds and whether such proceeds, which the Commonwealth could have brought in a separate action, but for reasons of expediency and to avoid any argument of claim preclusion if brought separately were brought in the name of the Secretary of DPL, must be remitted to MPLT. DPL has not remitted these proceeds to the General Fund or to MPLT as it may face challenges from either side and the amount has been reserved within fund balance in the accompanying financial statements.

(6) Commitment

DPL leases office space in Saipan, Rota and Tinian. The leases provide for an annual rental of $181,815 on Saipan, $15,000 on Rota and $7,200 on Tinian during the terms of the leases. Effective January 1, 2018, Rota's annual rental increased to $15,000. Total future minimum lease payments under these leases for subsequent years ending September 30 are as follows:

Year ending September 30,	
2021	$ 206,415
2022	90,756
2023	3,750
	$ 300,921

(7) Contingencies

The CNMI Constitution requires that all revenues received by DPL in excess of the amount necessary to meet reasonable expenses of administration and management, land surveying, homestead development, and any other expenses reasonably necessary for the accomplishment of its functions, must be transferred to MPLT. Management of DPL has determined that certain transactions may have violated DPL's constitutional mandate. The effects of potential noncompliance with the CNMI Constitution could not be determined by DPL management and are not reflected in the accompanying financial statements.

(8) Risk Management

DPL 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. DPL has elected to purchase commercial insurance from independent third parties for the risks of losses to which it is exposed. Settled claims from these risks have not exceeded commercial insurance coverage.

(9) COVID-19 Pandemic

Economic uncertainties have arisen as a result of the COVID-19 coronavirus pandemic. DPL expects this matter to negatively impact its future financial results; however, the related financial impact cannot be reasonably estimated at this time. Other financial impacts could occur though such potential impact is unknown.

(10) Restatement

During the year ended September 30, 2020, DPL determined that liabilities incurred in prior years were not removed after payments had been made as well as certain accruals being recorded. Accordingly, accounts payable, compensated absences and fund balance at beginning of year were overstated at September 30, 2019 and have been subsequently corrected as follows:

	As Originally Stated	As Restated
Accounts payable	$ 469,555	$ 204,379
Compensated absences	$ 158,071	$ -
Fund balance at beginning of year	$ 7,135,144	$ 7,554,191