(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, 2008 and 2007, total cash and cash equivalents were $3,565,471 and $5,095,584, respectively, and the corresponding bank balances were $223,656 and $1,302,633, respectively. Of the bank balance amount, $223,656 and $1,302,633 are maintained in financial institutions subject to Federal Deposit Insurance Corporation (FDIC) insurance as of September 30, 2008 and 2007, respectively. Bank deposits in the amount of $100,000 were FDIC insured as of September 30, 2008 and 2007.

At September 30, 2008 and 2007, unrestricted cash and cash equivalents consisted of the following:

	2008	2007
Custodian money market sweep deposits	$ 3,342,020	$ 3,795,062
Deposits with federally insured banks	223,451	1,300,522
	$ 3,565,471	$ 5,095,584

As of September 30, 2008 and 2007, custodian money market sweep deposits of $3,342,020 and $3,795,062, 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.

(2) Summary of Significant Accounting Policies, Continued

Investments, Continued

Custodial credit risk for investments is the risk that in the event of the failure of the counterparty to the transaction, MPLT will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. MPLT's investments are held and administered by trustees in accordance with negotiated trust and custody agreements. Based on these agreements, all of these investments were held by the broker or dealer, or by its trust department or agent but not in MPLT's name at September 30, 2008 and 2007. 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.

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

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

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

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

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

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

(2) Summary of Significant Accounting Policies, Continued

Investments, Continued

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

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

(i) The Trustees, with the assistance of the investment consultant, will select appropriate investment managers to manage MPLT assets. Investment managers must meet the following minimum criteria:

1. Be a bank, insurance company, investment management company, or investment adviser as defined by the Registered Investment Advisers Act of 1940, and not providing any other services, normally provided by separate vendors, to MPLT.
2. Provide historical quarterly performance numbers calculated on a time-weighted basis, based on a composite of all fully discretionary accounts of similar investment style, reported gross of fees.
3. Provide performance evaluation reports prepared by an objective third party that illustrate the risk/return profile of the manager relative to other managers of comparable investment style.
4. Provide detailed information on the history of the firm, key personnel, key clients, fee schedule, and support personnel.
5. Clearly articulate the investment strategy that will be followed and document that the strategy has been successfully adhered to over time.
6. Selected firms shall have no outstanding legal judgments or past judgments which may reflect negatively upon the firm.

(ii) Every money manager selected to manage MPLT assets must adhere to the following guidelines.

1. The following securities and transactions are not authorized unless receiving prior Trustees approval:
   - Letter stock and other unregistered securities; commodities or other commodity contracts; and short sales or margin transactions.
   - Securities lending; pledging or hypothecating securities.

(2) Summary of Significant Accounting Policies, Continued

Investments, Continued

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

2. Domestic Equities:

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

3. Domestic Fixed Income:

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

4. International Equities:

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

(2) Summary of Significant Accounting Policies, Continued

Investments, Continued

4. International Equities, Continued:

- Investments in any one industry category should not be excessive.

- Allocations to any specific country shall not be excessive relative to a broadly diversified international equity manager peer group. It is expected that the non-U.S. equity portfolio will have no more than 40% of its mandated style in any one country.

- The manager may enter into foreign exchange contracts on currency, provided that use of such contracts is limited to hedging currency exposure existing within the manager's portfolio. There shall be no direct foreign currency speculation or any related investment activity.

5. Cash/Cash Equivalents:

- Cash equivalent reserves shall consist of cash instruments having a quality rating of A-1, P-1 or higher. Eurodollar Certificates of Deposits, time deposits, and repurchase agreements are also acceptable investment vehicles.

- Idle cash not invested by the investment managers shall be invested daily through an automatic interest-bearing sweep vehicle selected by the manager available and/or managed by the custodian.

6. Economically Targeted Investments (ETIs):

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

- An opinion of legal counsel knowledgeable in standards of fiduciary care should be secured.

- Trustees should guarantee that they are acting on economic grounds, rather than being influenced by political or emotional factors, as well as the purpose for which MPLT was established.

- Written investment guidelines are necessary and should specifically address the characteristics an ETI should have, including the parameters on how the program will be administered, as well as the social and economic impact the intended beneficiaries will have on the CNMI as a whole while implementing programs for which MPLT was established.

(2) Summary of Significant Accounting Policies, Continued

Investments, Continued

6. Economically Targeted Investments (ETIs), Continued:

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

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

(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:						
Large Cap Core	15%	25%	35%	15%	25%	35%
Non U.S. Equities:						
Large Cap Core	5%	10%	15%	5%	10%	15%
Domestic Fixed Income:	50%	65%	80%	40%	65%	85%
Core	40%	50%	60%	40%	50%	60%
ETI - Local Loans	10%	15%	20%	0%	15%	25%

Rebalancing of Strategic Allocation

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

When necessary and/or available, cash flows will be distributed following the strategic asset allocation of MPLT. If there are no cash flows, the allocation of MPLT will be reviewed quarterly.

If the Trustees judge cash flows to be insufficient to bring MPLT within the strategic allocation ranges, the Trustees shall decide whether to effect transactions so that MPLT would fall within the allocated threshold ranges.

Frequency

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

1. Cash Flow Requirements
2. Significant Market Action

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

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

(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, 2008 and 2007 (with combining information as of September 30, 2008) is as follows:

	General Fund	Park Fund	2008	2007
Equities:				
Common stock	$ 14,721,556	$ 1,892,860	$ 16,614,416	$ 26,003,091
Fixed Income Securities:				
Mortgage and asset backed securities	16,708,403	1,552,577	18,260,980	7,565,088
Corporate bonds	17,697,166	1,582,795	19,279,961	25,718,083
Government obligations	1,120,235	124,394	1,244,629	2,274,547
Government agencies	404,720	49,247	453,967	1,346,216
	$ 50,652,080	$ 5,201,873	$ 55,853,953	$ 62,907,025

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, 2008 and 2007:

		2008				
		Investment Maturities (In Years)				
Investment Type	Fair Value	Less Than 1	1 - 5	6 - 10	More Than 10	Credit Rating
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	

(2) Summary of Significant Accounting Policies, Continued

Investments, Continued

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

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.

(2) Summary of Significant Accounting Policies, Continued

Retirement Plan

MPLT contributes to the Northern Mariana Islands Retirement Fund (the Fund), a cost-sharing multiple employer defined benefit pension plan administered by the CNMI. The Fund provides retirement, security and other benefits to employees, and their spouses and dependents, of the CNMI Government and CNMI agencies, instrumentalities, and public corporations. CNMI Public Law 6-17, the Northern Mariana Retirement Fund Act of 1988 assigns the authority to establish and amend benefit provisions to the Fund's Board of Trustees. The Fund issues a publicly available financial report that includes financial statements and required supplementary information for the Fund. That report may be obtained by writing to the Northern Mariana Islands Retirement Fund, P.O. Box 501247, Saipan, MP, 96950-1247.

Plan members are required to contribute 6.5% and 9.0% of their annual covered salary for Class I and Class II members, respectively, and MPLT is required to contribute at an actuarially determined rate. The current rate is 36.77% of annual covered payroll. The contribution requirements of plan members and MPLT are established and may be amended by the Fund's Board of Trustees. MPLT's recorded contributions to the Fund for the years ended September 30, 2008, 2007 and 2006 were $9,085, $20,159 and $24,217, respectively, equal to the required contributions for each year.

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 statutorial determined contribution rate of the Fund. It is the understanding of the management of MPLT that the statutorial 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, 2008 and 2007.

(2) Summary of Significant Accounting Policies, Continued

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.

New Accounting Standards

During fiscal year 2008, MPLT implemented GASB Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension* Plans, GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Post employment Benefits Other Than Pensions*, GASB Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfer of Assets and Future Revenues* and GASB Statement No. 50, *Pension Disclosures an amendment of GASB Statements No. 25 and 27*. GASB Statement No. 43 establishes uniform financial reporting for other postemployment benefit plans by state and local governments. GASB Statement No. 45 establishes standards for the measurement, recognition, and display of other post employment benefits expense/expenditures and related liabilities, note disclosures, and, if applicable, required supplementary information in the financial reports of state and local governmental employers. GASB Statement No. 48 establishes criteria that governments will use to ascertain whether certain transactions should be regarded as a sale or a collateralized borrowing and includes a provision that stipulates that governments should not revalue assets that are transferred between financial reporting entity components. GASB Statement No. 50 more closely aligns the financial reporting requirements for pensions with those for other post-employment benefits. The implementation of these pronouncements did not have a material effect on the accompanying financial statements.

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

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

In November 2007, GASB issued Statement No. 52, *Land and Other Real Estate Held as Investments by Endowments*. GASB Statement No. 52 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. The provisions of this statement are effective for periods beginning after June 15, 2008. Management does not believe that the implementation of this statement will have a material effect on the financial statements of MPLT.

(2) Summary of Significant Accounting Policies, Continued

New Accounting Standards, Continued

In June 2008, GASB issued Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. GASB Statement No. 53 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.

(3) Notes Receivable

	2008	2007
Note receivable (Home Loan Program) from various individuals obtained through a settlement agreement with NMHC dated December 31, 2007, bearing interest from 5.5% to 8.5% and terms from ten to thirty years.	$ 9,103,987	$ -
Note receivable from the Northern Marianas Housing Corporation (NMHC), bearing interest at 8.5%, due on March 1, 2016, collateralized by the full faith and credit of the CNMI Government and specifically pledged loans receivable of NMHC. CNMI Public Law 12-27 approved the repayment of this loan through legislative appropriation of operating transfers to the general fund of the CNMI Government from investment income of MPLT. Operating transfers in the general fund reduces the CNMI Government receivables from MPLT but recognizes a receivable from NMHC deferred for ten years. On March 13, 2007, Public Law 15-48 was enacted repealing Public Law 12-27. As a result, NMHC and MPLT entered into a settlement agreement in December 2007 wherein NMHC assigned certain loan portfolios to MPLT as satisfaction of its note receivable.	-	8,996,623
Note receivable from Adelantun Publickun Luta Enteramente, Incorporated (APLE 501, Inc.), bearing interest at 5% per annum, due on October 18, 2017, with monthly principal and interest payments in the amount of $1,225, collateralized by a loan portfolio. Proceeds 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.	3,500,000	-

(3) Notes Receivable, Continued

	2008	2007
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.	1,494,243	1,611,843
	14,241,386	10,751,622
Less allowance for loan losses	(4,143,156)	(4,143,156)
	10,098,230	6,608,466
Less current portion	(231,704)	(107,400)
Long-term portion	$ 9,866,526	$ 6,501,066

At September 30, 2008, principal and interest repayments based on the terms of the respective agreements (excluding assessed allowance) for the following years ending September 30, are as follows:

Year ending September 30,	Principal Amount	Interest
2009	$ 231,704	$ 953,794
2010	246,663	938,669
2011	3,755,397	883,357
2012	264,744	659,335
2013	274,745	641,396
2014 - 2036	9,324,977	8,265,557
	$ 14,098,230	$ 12,342,108

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, 2008 and 2007, is as follows:

	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

(4) Capital Assets, Continued

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

(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, 2008 and 2007, is summarized as follows:

	Principal	Income	2008	2007
General Fund				
Balance at beginning of year	$ 66,545,461	$ -	$ 66,545,461	$ 60,551,704
Net (decrease) increase in the fair value of investments	(7,182,245)	-	(7,182,245)	4,742,997
Other operating net income	3,176,556	2,219,596	5,395,159	3,478,808
Transfers	-	(2,219,596)	(2,219,596)	(2,228,048)
Balance at end of year	$ 62,538,779	$ -	$ 62,538,779	$ 66,545,461
Park Fund				
Balance at beginning of year	$ 8,055,268	$ 120,816	$ 8,176,084	$ 7,603,572
Net (decrease) increase in the fair value of investments	(876,280)	-	(876,280)	513,978
Other operating net income	-	273,318	273,318	267,451
Transfers	-	(218,572)	(218,572)	(208,917)
Balance at end of year	$ 7,178,988	$ 175,562	$ 7,354,550	$ 8,176,084

(6) Contributions To/From Primary Government

In accordance with Article XI of the Constitution of the CNMI, MPLT makes operating transfers out to the general fund of the CNMI government from investment income. During the years ended September 30, 2008 and 2007, MPLT recorded $2,219,596 and $2,228,048, respectively, for transfers out to the CNMI general fund. In addition, in accordance with Section 5 of Article XI, the CNMI Department of Public Lands transferred $3,500,000 and $1,250,000 to MPLT during the years ended September 30, 2008 and 2007, 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, 2008 and 2007, MPLT recorded $218,572 and $208,917, 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) 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, to the extent of available income, annually for development and maintenance of the American Memorial Park.

(9) Contingencies

MPLT incurred a loss of $5,081,780 during the year ended September 30, 2008. The loss is attributed to the decrease in the fair value of investments resulting from the fluctuations in the investment market. Future losses and/or recovery currently cannot be predicted.

On December 31, 2007, MPLT and NMHC entered into a Settlement Agreement to settle all disputed issues and claims relating to the $10,000,000 note receivable. Under the Settlement Agreement, NMHC paid MPLT $2,025,000 and assigned to MPLT certain loans and mortgages in the NMHC Owned Loan Portfolio amounting to $10,621,895. In addition, MPLT will assume liability for the repayment of certain Service Released Loans totaling $1,672,102 in contingent liabilities for and on behalf of NMHC in the form of guarantees to certain financial institutions. At September 30, 2008, total contingent liabilities amounted to $1,360,622.

During the year ended September 30, 2008, MPLT recorded a note receivable of $3,500,000 from the Commonwealth Utilities Corporation (CUC), bearing interest at 7% and is due in full on August 4, 2011. CUC's current financial condition and/or economic state are uncertain.

(10) Subsequent Event

On December 10, 2008, the Trustees resolved to reduce the interest rates of all the Home Loan Program loans to 2% per annum effective January 1, 2009.

MARIANAS PUBLIC LAND TRUST

Combining Statement of Net Assets
September 30, 2008

ASSETS	General Fund	Park Fund	Eliminations	Total
Current assets:				
Cash and cash equivalents	$ 2,945,926	$ 619,545	$ -	$ 3,565,471
Receivables:				
Notes, current portion	117,104	114,600	-	231,704
Accrued income	397,113	32,420	-	429,533
Other	2,011	-	-	2,011
Due from CNMI Government	-	6,868	-	6,868
Due from other funds	46,835	-	(46,835)	-
Due from brokers	477,199	69,732	-	546,931
Prepaid expense	6,812	-	-	6,812
Total current assets	3,993,000	843,165	(46,835)	4,789,330
Other assets, restricted:				
Investments	50,652,080	5,201,873	-	55,853,953
Total other assets, restricted	50,652,080	5,201,873	-	55,853,953
Noncurrent assets:				
Notes receivable, net of current portion and allowance for loan losses	8,486,883	1,379,643	-	9,866,526
Capital assets (net of accumulated depreciation)	350,571	-	-	350,571
Total noncurrent assets	8,837,454	1,379,643	-	10,217,097
	$ 63,482,534	$ 7,424,681	$ (46,835)	$ 70,860,380
LIABILITIES AND NET ASSETS				
Current liabilities:				
Accounts payable	$ 59,027	$ 1,798	$ -	$ 60,825
Due to other funds	-	46,835	(46,835)	-
Due to CNMI Government	433,521	-	-	433,521
Due to brokers	92,682	21,498	-	114,180
Accrued expenses	7,954	-	-	7,954
Total liabilities	593,184	70,131	(46,835)	616,480
Net assets:				
Invested in capital assets	350,571	-	-	350,571
Restricted:				
Principal	62,538,779	7,178,988	-	69,717,767
Income	-	175,562	-	175,562
Total net assets	62,889,350	7,354,550	-	70,243,900
	$ 63,482,534	$ 7,424,681	$ (46,835)	$ 70,860,380

See Accompanying Independent Auditors' Report.

MARIANAS PUBLIC LAND TRUST

Combining Statement of Revenues, Expenses and Changes in Net Assets
Year Ended September 30, 2008

	General Fund	Park Fund	Eliminations	Total
Operating revenues:				
Net decrease in the fair value of investments	$ (7,182,245)	$ (876,280)	$ -	$ (8,058,525)
Interest income	2,734,636	307,295	-	3,041,931
Dividend income	338,580	41,615	-	380,195
Operating revenues	(4,109,029)	(527,370)	-	(4,636,399)
Operating expenses:				
Money manager fees	172,971	19,972	-	192,943
Consultancy fees	128,399	13,806	-	142,205
Loan administration fee	121,645	-	-	121,645
Salaries and benefits	89,189	11,023	-	100,212
Office supplies	71,964	8,860	-	80,824
Money management administration	68,981	7,628	-	76,609
Contract services	59,630	7,370	-	67,000
Professional fees	66,258	516	-	66,774
Rent and utilities	25,810	3,190	-	29,000
Trustees' expenses	23,441	1,907	-	25,348
Depreciation	14,653	-	-	14,653
Audit	10,680	1,320	-	12,000
Total operating expenses	853,621	75,592	-	929,213
Operating loss	(4,962,650)	(602,962)	-	(5,565,612)
Other nonoperating income (expenses):				
Transfer in from DPL	3,500,000	-	-	3,500,000
Net contribution to the CNMI General Fund/American Memorial Park	(2,219,596)	(218,572)	-	(2,438,168)
Total nonoperating income (expenses), net	1,280,404	(218,572)	-	1,061,832
Change in net assets	(3,682,246)	(821,534)	-	(4,503,780)
Net assets at beginning of year	66,571,596	8,176,084	-	74,747,680
Net assets at end of year	$ 62,889,350	$ 7,354,550	$ -	$ 70,243,900

See Accompanying Independent Auditors' Report.

MARIANAS PUBLIC LAND TRUST

Combining Statement of Cash Flows
Year Ended September 30, 2008

	General Fund	Park Fund	Eliminations	Total
Cash flows from operating activities:				
Cash received from operations	$ 4,487,264	$ 284,201	$ -	$ 4,771,465
Cash payments to suppliers for goods and services	(2,936,385)	(12,315)	-	(2,948,700)
Net cash provided by operating activities	1,550,879	271,886	-	1,822,765
Cash flows from noncapital financing activities:				
Cash received from DPL	3,500,000	-	-	3,500,000
Net operating transfers out	(1,800,000)	(218,572)	-	(2,018,572)
Net cash provided by (used for) noncapital financing activities	1,700,000	(218,572)	-	1,481,428
Cash flows from capital and related financing activities:				
Acquisition of property and equipment	(339,089)	-	-	(339,089)
Net cash used for capital and related financing activities	(339,089)	-	-	(339,089)
Cash flows from investing activities:				
Net (increase) decrease in notes receivable	(3,607,364)	117,600	-	(3,489,764)
Net (increase) decrease in restricted assets	(1,098,171)	92,718	-	(1,005,453)
Net cash (used for) provided by investing activities	(4,705,535)	210,318	-	(4,495,217)
Net (decrease) increase in cash and cash equivalents	(1,793,745)	263,632	-	(1,530,113)
Cash and cash equivalents at beginning of year	4,739,671	355,913	-	5,095,584
Cash and cash equivalents at end of year	$ 2,945,926	$ 619,545	$ -	$ 3,565,471
Reconciliation of operating loss to net cash provided by operating activities:				
Operating loss	$ (4,962,650)	$ (602,962)	$ -	$ (5,565,612)
Adjustments to reconcile operating loss to net cash provided by operating activities:				
Net decrease in fair value of investments	7,182,245	876,280	-	8,058,525
Depreciation	14,653	-	-	14,653
(Increase) decrease in assets:				
Receivable - accrued income	1,934,347	5,023	-	1,939,370
Due from other funds	(41,639)	-	41,639	-
Due from brokers	(477,199)	(69,732)	-	(546,931)
Other receivable	(1,462)	-	-	(1,462)
Prepaid expense	(2,377)	-	-	(2,377)
Increase (decrease) in liabilities:				
Accounts payable	36,614	140	-	36,754
Due to other funds	-	41,639	(41,639)	-
Due to CNMI Government	(2,227,573)	-	-	(2,227,573)
Payable to brokers	92,682	21,498	-	114,180
Accrued expenses	3,238	-	-	3,238
Net cash provided by operating activities	$ 1,550,879	$ 271,886	$ -	$ 1,822,765

See Accompanying Independent Auditors' Report.

MARIANAS PUBLIC LAND TRUST

SCHEDULE 1A

Schedule of Investments - General Fund
September 30, 2008

Equities	Cost	Fair Value	Ratings
Common Stock			
Abott Laboratories	$ 374,213	$ 385,786	
Ace Ltd	259,109	286,889	
Aetna Inc.	458,425	332,212	
American Tower Corp	173,286	208,626	
Apple Inc	427,705	337,002	
AT&T Inc	425,685	304,328	
Bank of America Corp	399,441	497,000	
Celgene Corp	286,049	322,728	
Cisco Sys Inc.	408,443	360,960	
Citigroup Inc	263,591	274,834	
CVS Caremark Corp	435,597	374,131	
General Dynamics Corp	297,981	242,946	
Genzyme Corp	279,217	283,115	
Goldman Sachs Group Inc	537,610	384,000	
Google Inc	445,057	377,690	
Hewlett Packard Co	499,372	536,384	
Int'l Business Machines Corp	609,250	666,672	
McDonalds Corp	408,971	499,770	
Medco Health Solutions Inc	484,599	562,500	
Microsoft Corp	248,995	216,189	
Oracle Corp	138,943	136,077	
Philip Morris Intl Inc.	274,967	274,170	
Qualcomm Inc	353,460	313,681	
Research in Motion Ltd	146,693	81,960	
Schlumberger Ltd	162,894	124,944	
Transocean Inc	324,691	252,632	
Union Pacific Corp	219,733	256,176	
United Technologies Corp	353,883	318,318	
Wal-Mart Stores Inc	605,447	610,878	
Walt Disney Co	266,276	254,727	
Subtotal - Atalanta Sosnoff	10,569,583	10,077,325	
ABB Ltd	106,050	98,067	
Allianz SE	86,524	59,433	
America Movil S.A.B. De Cv	52,110	40,333	
Atlas Copco Ab	23,217	22,841	
Axa S.A.	77,192	95,857	
Banco Bilbao Vizcaya	100,139	80,365	
Barclays Plc	128,749	92,205	
Bayer A G	70,822	64,178	
BG Group Plc	49,043	65,904	
BNP Paribas	100,419	124,147	
BHP Billiton Ltd	73,652	89,943	
British American Tobacco Plc	76,563	93,620	
Canon Inc.	75,661	76,633	
Companhia Vale Di Rio	58,957	58,503	
DBS Group Hldg Ltd	110,340	96,101	
ENI Spa	106,833	104,153	
E. On AG	153,842	142,456	
Fomento Economico Mexicano S.A.B. De Cv	36,588	53,777	
Fortis NL	51,690	14,738	
GDF Suez - Eur	51,925	39,525	
Glaxosmithkline Plc	90,657	91,483	
HSBC Hldg Plc	140,223	153,577	
Honda Motor Co. Ltd.	53,649	60,220	

See Accompanying Independent Auditors' Report.

MARIANAS PUBLIC LAND TRUST

SCHEDULE 1A

Schedule of Investments - General Fund
September 30, 2008

Equities, Continued	Cost	Fair Value	Ratings
Common Stock, Continued			
Ing Groep NV	112,624	75,328	
Komatsu Ltd.	61,587	33,448	
Koninklijke Philips Electronics NS	80,998	65,400	
Lafarge Spons Adr New Lafarge Coppee	127,673	109,608	
Mitsubishi Corp	129,251	95,606	
Mitsubishi Est Co Ltd	63,249	54,905	
Mitsubishi UFJ Financial Group Inc	55,633	53,926	
National Grid Plc Gbp	51,809	53,688	
Nestle S A	116,295	148,309	
News Corp	46,544	31,286	
Nidec Corporation	112,087	97,753	
Nintendo Co Ltd	23,944	22,484	
Nokia Corp	101,414	77,491	
Nomura Holdings Inc	50,990	38,324	
Norsk Hydro A S	31,472	14,517	
Novartis AG	115,822	124,438	
Petrobras	47,801	58,234	
Reed Elsevier NV	54,521	48,946	
Rio Tinto Plc - Gbp	52,757	32,185	
Roche Hldg Ltd.	84,346	89,098	
Royal Dutch Shell Plc	140,638	105,333	
Rwe A G	55,001	42,092	
Sanofi-Aventis	84,390	65,740	
Sap Aklengesellschaft	79,351	91,098	
Secom Ltd.	28,183	26,633	
Siemens A G	152,139	138,488	
Sony Corp	72,229	52,170	
Sumitomo Mitsui Finl Group Inc	113,056	74,412	
Taiwan Semiconductor Mfg. Co. Ltd.	70,447	66,836	
Telefonica S.A.	116,960	96,869	
Tesco Plc	122,066	124,460	
Teva Pharmaceutical Inds Ltd	45,988	47,622	
Total S.A.	147,905	150,486	
Toyota Motor Corp	119,024	94,809	
Vodafone Group Plc	147,040	109,240	
WPP Group Plc	67,229	47,955	
Wolseley Plc	65,360	32,275	
Wolters Kluwer N V	45,008	40,390	
Zurich Fincl Svcs	73,068	94,290	
Subtotal - JP Morgan	5,140,744	4,644,231	
Total Common Stock	15,710,327	14,721,556	
Total Equities	15,710,327	14,721,556	
Fixed Income Securities			
Mortgage and Asset Backed Securities			
Caterpillar Financial Asset Tr @ 5.34%, due 6/25/12	249,946	248,805	AAA
CS First Boston Mortgage SEC @ 6.133%, due 3/15/12	640,552	618,287	AAA
FHLMC PL#A39210 @ 5.500%, due 10/01/35	951,829	935,292	no rating
FHLMC PL#A47758 @ 5.000%, due 11/01/35	961,569	969,354	no rating
FHLMC PL#A60665 @ 5.500%, due 05/01/37	721,879	718,758	no rating
FHLMC PL#E20222 @ 6.500%, due 02/01/11	6,502	5,030	no rating
FHLMC PL#G11736 @ 5.000%, due 06/01/20	71,584	70,769	no rating
FHLMC PL#G12213 @ 5.500% due 03/01/21	187,372	194,834	no rating

See Accompanying Independent Auditors' Report.