STAFF

The following are the current staff of the Trust:

Bruce M. MacMillan
Board Consultant

Redie P. Aldan
Office Manager

Dayna C. Reyes
Administrative Assistant

The law stipulates that MPLT must maintain a five member board, which comprises of three people from Saipan, one from Tinian and one from Rota, and of the five, one must be of Carolinian descent and one must be a woman. The current board of trustees consists of the required five members who are, according to the Constitution, appointed by the Governor and confirmed by the Senate.

In addition to the Board of Trustees, MPLT employs Bruce M. MacMillan, C.P.A., on an independent contract basis, who functions as the Board Consultant.

MPLT also employs Redie Aldan who is the Office Manager and Dayna Reyes who is the Administrative Assistant.

PROFESSIONAL ASSISTANCE

The Trustees solicit professional services for the management of its assets, the development and maintenance of a dynamic investment policy, the supervision and evaluation of investment managers, as well as auditing and asset custodial services.

The Money Managers, selected by the Trustees, have sole responsibility for purchase and sale decisions for all investments under their control. Should any manager fail to meet the goals or stay within the guidelines of the Trust=s investment policy, the trustees may initiate proceedings to determine the desirability of retaining the manager.

The Consultant is responsible for providing ongoing assistance to the Trustees in the supervision, retention and termination of the investment managers; the maintenance and updating of the investment policy; asset allocation decisions; and other matters involving the investment of assets. From 1988 through 1994, Merrill Lynch acted as the Trust=s investment consultant. Commencing March 1, 1995, Altamira Capital Corporation was retained to replace Merrill Lynch as investment consultant. On February 18, 2004 the Trust hired Citigroup Global Markets Inc. to replace Altamira Capital. Citigroup is the current portfolio consultant.

The Custodian of the funds is responsible for safekeeping all securities and cash, accounting for all cash flow and providing monthly statements. Effective with the hiring of Citigroup Global Markets Inc. in February 2004, Smith Barney Citigroup became the custodian. Prior to this time, BNY Western Trust Company (a subsidiary of the Bank of New York) had been serving as custodian for all of the Trust=s funds. The Board of Trustees has

MONEY MANAGER	AMOUNT OF ASSETS UNDER MANAGEMENT	
	GENERAL FUND	PARK FUND
Atalanta Sosnoff – large cap equity Acore@ money manager; objective is to manage domestic equity assets consistent with the Standard & Poors 500 Index and **Domestic Large Cap Manager Core Equity** peer group.	$12,645,146	$1,847,920
J.P. Morgan Asset Management – international equity (ADR) money manager; objective is to manage international equity assets consistent with the MSCI EAFE Index and **Foreign Large Cap Core Equity Manager** peer group.	$4,728,315	$451,202
Richmond Capital Management, Inc. – domestic fixed income Acore@ money manager; objective is to manage fixed income assets consistent with the Lehman Aggregate Bond Index.	$35,984,951	$3,406,808
GRAND TOTALS	*$ 53,358,412*	*$ 5,705,930*

also retained four discretionary money management firms to manage the Trust's investment portfolios – see above (stated at fair market value).

Marianas Public Land Trust

FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

Year Ended September 30, 2008

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, 2008 AND 2007

Deloitte.

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USA

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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, 2008 and 2007, 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, 2008 and 2007, and its changes in net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis on pages 3 through 10 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. This supplementary information is the responsibility of the Marianas Public Land Trust's management. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit such information and we do not express an opinion on it.

Our audits were conducted for the purpose of forming an opinion on the Marianas Public Land Trust's basic financial statements. The accompanying combining information presented on pages 31 through 33 and schedules of investments and administrative expenses compared to budget presented on pages 34 through 44 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 2008 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 15, 2009, 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 15, 2009

MPLT Marianas Public Land Trust

Management's Discussion and Analysis
Year Ended September 30, 2008

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, 2008. This Management's Discussion and Analysis should be read in conjunction with the audited financial statements.

Implementing Authority

The origins of MPLT are found in both the Constitution of the Northern Mariana Islands and Public Law (P.L.) 94-241, Covenant to Establish a Commonwealth of the Northern Mariana Islands in Political Union with the United States of America. Both of these documents came into full force and effect on January 9, 1978.

Article XI, Section 6 of the Constitution provides for the establishment of MPLT upon the effective date of the Constitution. Some excerpts pertaining to the operating requirements of MPLT are:

- "... The number of trustees appointed by the Governor with the advice and consent of the Senate shall be ...[five]. Three shall be from Saipan, one from Rota and one from Tinian. At least one trustee shall be a woman and at least one trustee shall be of Carolinian descent. The trustees shall serve for a term of six years ... [shall] be staggered."
- "... The trustees shall make reasonable, careful and prudent investments."
- "... The trustees shall ...[use] the interest on the amount received for the lease of property at Tanapag Harbor for the development and maintenance of a memorial park. The trustees shall transfer to the general revenues of the Commonwealth the remaining interest accrued ...[except] that the trustees may retain the amount necessary to meet reasonable expenses of administration."
- "... The trustees shall make an annual written report to the people of the Commonwealth accounting for the revenues received and expenses incurred by the Trust and describing the investments and other transactions authorized by the trustees."
- "... The trustees shall be held to strict standards of fiduciary care. Each trustee shall annually submit to the Governor and the presiding officers of the Legislature a report disclosing their financial affairs, as provided by law."

The Covenant contains key provisions, which are fundamental to MPLT's development. Article VIII, Section 802 requires that certain lands be made available to the Untied 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.

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Article VIII, Section 803 of the Covenant describes the lease terms for the above properties. The Commonwealth will lease the property to the United States for 50 years with the United States having the option of renewing the lease for all or part of the property for an additional term of 50 years. The United States will pay the Commonwealth, in full settlement of the two 50 year lease terms, the total sum of $19,520,600 determined as follows:

- Tinian Island property - $17.5 million;
- Saipan Island property located at Tanapag Harbor - $2 million;
- Farallon de Medinilla Island - $20,600.

The above sum will be adjusted by a percentage, which will be the same as the percentage change in the United States Department of Commerce composite price index from the date of signing the Covenant. Additional terms and conditions of this lease are found in the Technical Agreement Regarding Use of Land to Be Leased by the United States, which was executed simultaneously with the Covenant.

Furthermore, Section 803 provides for over 53 hectares of the leased property at Tanapag Harbor to be made available by the United States, at no cost to the Commonwealth, to establish an American Memorial Park to honor the American and Marianas dead in the World War II Marianas Campaign. The $2 million received from the United States for the lease of this property would be placed into a trust fund with the "income" to be used for the development and maintenance of the park.

This was the initial source of the funding for MPLT, i.e., $23,942,602 allocated to the MPLT General Fund and $2,000,000 allocated to the MPLT Park Fund. In 1991, 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, respectively. These were treated as General Fund principal contributions.

Financial Highlights

The following financial highlights are taken from the audited financial statements for the years ended September 30, 2008, 2007 and 2006.

- 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 decreased value of the 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 how the assets were allocated.

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

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

- Total liabilities for 2008 decreased by $1,653,805 over the amount from 2007 due to the 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.

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

- The above changes resulted in a decrease of net assets of $4,503,780 for 2008, increase in net assets of $6,565,509 for 2007 and a decrease of $278,057 for 2006.

- 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 2008, 2007 and 2006 were ($4,636,399), $8,402,283 and $5,501,811, respectively.

- The total performance of MPLT for 2008 was -6.2% due to the recession, 2007 was 12.4% demonstrating a much improved market over the 2006 return of 8.3%, before the NMHC loss. But the actual rate of return after including the NMHC loss resulted in MPLT's performance being reduced to a rate of 2.2%.

- The 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.

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

MPLT General Fund Operations

The Board of Trustees modified its Investment Policy Statement in 2006 to change the asset allocation in order to increase the portion to fixed income and correspondingly reduce the equity allocation. This was done for the purpose of benefiting its income beneficiary, the CNMI General Fund. Due to falling governmental revenues, the CNMI General Fund is suffering a severe cash flow problem and is experiencing difficulty meeting its financial obligations. In recognition of this situation, the MPLT Board made this reallocation decision in order to allow more investment income to be realized and thereby increase its annual distribution to the CNMI General Fund. As part of this plan, P.L.s 10-29 and 12-27 were repealed through the enactment of P.L. 15-48 on March 13, 2007, as more fully discussed in the review of the economically targeted investments (ETI) program. No changes have been made to the Investment Policy Statement in 2008.

The reallocation of the investment assets to favor fixed income has resulted in increased investment income of $276,818 in 2008, $607,726 in 2007 and $198,212 for 2006. This has allowed the distributable net income to increase each year since 2005. The distribution to the CNMI General Fund paid for 2008 and 2007 was $2,219,596 and $2,228,048, respectively. The distribution for 2006 was $1,379,989, which was appropriated back to MPLT per P.L.s 10-29 and 12-27. The cumulative amount distributed to the CNMI General Fund since inception in 1983 has been $39,985,174. This has occurred while growing the principal fund by $40,375,736 for the same time-period. The General Fund's annual return for 2008 was -6.15% as compared to 2007 return of 12.6% and 2006 return of 1.2%.

The Board of Trustees made one new "economically targeted investments" (ETI) 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; the principal will be paid in 2009 and 2010 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 $4,000,000 was recognized by MPLT as of September 30, 2006. Interest on this investment is being recognized based upon collections.

General Fund Condensed Financial Statement Summaries:

STATEMENTS OF NET ASSETS

	2008	2007	2006
Assets			
Current assets	$ 3,993,000	$ 7,081,311	$ 2,615,647
Other assets, restricted	50,652,080	56,736,154	52,200,507
Notes receivable - noncurrent portion	8,486,883	4,996,623	4,996,623
Accrued income receivable - noncurrent portion	-	-	1,162,317
Capital assets	350,571	26,135	26,895
Total	$ 63,482,534	$ 68,840,223	$ 61,001,989
Liabilities and Net Assets			
Current liabilities	$ 593,184	$ 2,268,627	$ 423,390
Invested in capital assets	350,571	26,135	26,895
Restricted principal	62,538,779	66,545,461	60,551,704
Net assets	62,889,350	66,571,596	60,578,599
Total	$ 63,482,534	$ 68,840,223	$ 61,001,989

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

	2008	2007	2006
Operating revenues	$ (4,109,029)	$ 7,556,755	$ 4,985,020
Operating expenses	(853,621)	(585,342)	(826,043)
Nonoperating income (expenses), net	1,280,404	(978,416)	(4,615,276)
Change in assets	(3,682,246)	5,992,997	(456,299)
Beginning net assets	66,571,596	60,578,599	61,034,898
Ending net assets	$ 62,889,350	$ 66,571,596	$ 60,578,599

STATEMENTS OF CASH FLOWS

	2008	2007	2006
Cash flows from operating activities	$ 1,550,879	$ 1,102,742	$ 676,445
Cash flows from noncapital financing activities	1,700,000	1,250,000	-
Cash flows from capital and related financing activities	(339,089)	(8,583)	(1,207)
Cash flows from investing activities	(4,705,535)	207,350	(180,890)
Net increase (decrease) in cash and cash equivalents	(1,793,745)	2,551,509	494,348
Cash and cash equivalents at beginning of year	4,739,671	2,188,162	1,693,814
Cash and cash equivalents at end of year	$ 2,945,926	$ 4,739,671	$ 2,188,162

Capital Assets:

At September 30, 2008, 2007 and 2006, MPLT had $350,571, $26,135 and $26,895, respectively, in capital assets, net of accumulated depreciation where applicable, including furniture, fixtures and equipment, vehicles and land, which represent a net increase in 2008 of $324,436, decrease in 2007 of $760 over 2006 and a net decrease in 2006 of $6,772 over 2005. See note 4 to the financial statements for more information on MPLT's capital assets.

Goals and Objectives:

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

MPLT Park Fund Operations

The MPLT Park Fund is part of the overall trust fund but is separately managed and accounted for due to its funding source and a different beneficiary as compared to the MPLT General Fund. The Park Fund's annual return for 2008 was -6.49%, 2007 was 11.2% and the 2006 return was 6.4%. The Park Fund has not suffered ETI losses as it only invests to benefit the American Memorial Park. As stated previously, the Park Fund received its principal funding from the lease proceeds of a portion of the Tinian - Tanapag Harbor - Farallon de Medinilla land lease revenues. The $2,000,000 for the Tanapag Harbor in Saipan was dedicated to the formation of the American Memorial Park. The income on this principal contribution can only be used for the maintenance and development of the American Memorial Park (AMP). Accordingly, this initial principal contribution of $2,000,000 has been prudently managed since 1983 and has grown to $7,178,988. This has been accomplished while distributing $4,495,331 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	870,000
	Total	$ 4,000,000

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 2008.

Park Fund Condensed Financial Statement Summaries:

STATEMENTS OF NET ASSETS

Assets	2008	2007	2006
Current assets	$ 843,165	$ 507,624	$ 437,890
Other assets, restricted	5,201,873	6,170,871	5,615,835
Notes receivable - noncurrent portion	1,379,643	1,504,443	1,611,843
Total	$ 7,424,681	$ 8,182,938	$ 7,665,568

STATEMENTS OF NET ASSETS, CONTINUED

Liabilities and Net Assets	2008	2007	2006
Current liabilities	$ 70,131	$ 6,854	$ 61,996
Restricted principal	7,178,988	8,055,268	7,541,290
Restricted income	175,562	120,816	62,282
Net assets	7,354,550	8,176,084	7,603,572
Total	$ 7,424,681	$ 8,182,938	$ 7,665,568

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

	2008	2007	2006
Operating revenues	$ (527,370)	$ 845,528	$ 516,791
Operating expenses	(75,592)	(64,098)	(64,474)
Nonoperating income (expenses), net	(218,572)	(208,917)	(274,075)
Change in assets	(821,534)	572,513	178,242
Beginning net assets	8,176,084	7,603,572	7,425,330
Ending net assets	$ 7,354,550	$ 8,176,085	$ 7,603,572

STATEMENTS OF CASH FLOWS

	2008	2007	2006
Cash flows from operating activities	$ 271,886	$ 216,765	$ 242,318
Cash flows from noncapital financing activities	(218,572)	(208,917)	(274,075)
Cash flows from investing activities	210,318	60,042	33,733
Net increase in cash and cash equivalents	263,632	67,890	1,976
Cash and cash equivalents at beginning of year	355,913	288,023	286,047
Cash and cash equivalents at end of year	$ 619,545	$ 355,913	$ 288,023

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 its largest loss of principal since 2002. This has been due to the World-wide credit collapse and resulting recession. It will likely take five years or more to recover this loss. But 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, 2007 is set forth in the report on the audit of MPLT's financial statements, which is dated May 15, 2008. That Discussion and Analysis explains the major factors impacting the 2007 financial statements. If you have questions about this report or the 2007 or 2006 reports or need additional financial information, contact the MPLT office, P.O. Box 501089, Saipan, MP 96950 or phone at (670) 235-4401 or email mplt@pticom.com.

MARIANAS PUBLIC LAND TRUST

Statements of Net Assets
September 30, 2008 and 2007

ASSETS	2008	2007
Current assets:		
Cash and cash equivalents	$ 3,565,471	$ 5,095,584
Receivables:		
Notes, current portion	231,704	107,400
Accrued income	429,533	2,368,903
Other	2,011	549
Due from CNMI Government	6,868	6,868
Due from brokers	546,931	-
Prepaid expense	6,812	4,435
Total current assets	4,789,330	7,583,739
Other assets, restricted:		
Investments	55,853,953	62,907,025
Total other assets, restricted	55,853,953	62,907,025
Noncurrent assets:		
Notes receivable, net of current portion and allowance for loan losses	9,866,526	6,501,066
Capital assets (net of accumulated depreciation)	350,571	26,135
Total noncurrent assets	10,217,097	6,527,201
	$ 70,860,380	$ 77,017,965
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	$ 60,825	$ 24,071
Due to CNMI Government	433,521	2,241,498
Due to brokers	114,180	-
Accrued expenses	7,954	4,716
Total liabilities	616,480	2,270,285
Commitment and contingencies		
Net assets:		
Invested in capital assets	350,571	26,135
Restricted:		
Principal	69,717,767	74,600,729
Income	175,562	120,816
Total net assets	70,243,900	74,747,680
	$ 70,860,380	$ 77,017,965

See accompanying notes to financial statements.

MARIANAS PUBLIC LAND TRUST

Statements of Revenues, Expenses and Changes in Net Assets
Years Ended September 30, 2008 and 2007

	2008	2007
Operating revenues:		
Net (decrease) increase in the fair value of investments	$ (8,058,525)	$ 5,256,975
Interest income	3,041,931	2,729,975
Dividend income	380,195	415,333
Operating revenues	(4,636,399)	8,402,283
Operating expenses:		
Money manager fees	192,943	202,526
Consultancy fees	142,205	133,984
Loan administration fee	121,645	-
Salaries and benefits	100,212	78,834
Office supplies	80,824	38,414
Money management administration	76,609	49,794
Contract services	67,000	67,000
Professional fees	66,774	21,059
Rent and utilities	29,000	21,376
Trustees' expenses	25,348	17,254
Depreciation	14,653	8,975
Audit	12,000	10,225
Total operating expenses	929,213	649,441
Operating (loss) income	(5,565,612)	7,752,842
Other nonoperating income (expenses):		
Transfer in from DPL	3,500,000	1,250,000
Loss on disposal of fixed assets	-	(368)
Net contribution to the CNMI General Fund/ American Memorial Park	(2,438,168)	(2,436,965)
Total nonoperating income (expenses), net	1,061,832	(1,187,333)
Change in net assets	(4,503,780)	6,565,509
Net assets at beginning of year	74,747,680	68,182,171
Net assets at end of year	$ 70,243,900	$ 74,747,680

See accompanying notes to financial statements.

MARIANAS PUBLIC LAND TRUST

Statements of Cash Flows
Years Ended September 30, 2008 and 2007

	2008	2007
Cash flows from operating activities:		
Cash received from operations	$ 4,771,465	$ 2,402,361
Cash payments to suppliers for goods and services	(2,948,700)	(1,082,854)
Net cash provided by operating activities	1,822,765	1,319,507
Cash flows from noncapital financing activities:		
Cash received from DPL	3,500,000	1,250,000
Net operating transfers out	(2,018,572)	(208,917)
Net cash provided by noncapital financing activities	1,481,428	1,041,083
Cash flows from capital and related financing activities:		
Acquisition of property and equipment	(339,089)	(8,583)
Net cash used for capital and related financing activities	(339,089)	(8,583)
Cash flows from investing activities:		
Net decrease in notes receivable	(3,489,764)	101,100
Net decrease (increase) in restricted assets	(1,005,453)	166,292
Net cash (used for) provided by investing activities	(4,495,217)	267,392
Net (decrease) increase in cash and cash equivalents	(1,530,113)	2,619,399
Cash and cash equivalents at beginning of year	5,095,584	2,476,185
Cash and cash equivalents at end of year	$ 3,565,471	$ 5,095,584
Reconciliation of operating (loss) income to net cash provided by operating activities:		
Operating (loss) income	$ (5,565,612)	$ 7,752,842
Adjustments to reconcile operating (loss) income to net cash provided by operating activities:		
Net decrease (increase) in fair value of investments	8,058,525	(5,256,975)
Depreciation	14,653	8,975
(Increase) decrease in assets:		
Receivable - accrued income	1,939,370	(775,171)
Other receivable	(1,462)	661
Due from brokers	(546,931)	-
Prepaid expense	(2,377)	(4,435)
Increase (decrease) in liabilities:		
Accounts payable	36,754	(27,523)
Due to CNMI Government	(2,227,573)	(270,602)
Payable to brokers	114,180	(108,914)
Accrued expenses	3,238	649
Net cash provided by operating activities	$ 1,822,765	$ 1,319,507

Supplemental schedule of noncash operating, financing and investing activities:

During the years ended September 30, 2008 and 2007, MPLT recorded transfers out to the General Fund of the CNMI Government resulting in an increase in net contribution to the General Fund and due to CNMI Government of $-0- and $2,228,048, respectively.

See accompanying notes to financial statements.

(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.

(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, 2008 and 2007, 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.