

MARIANAS PUBLIC LAND TRUST

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT

YEARS ENDED SEPTEMBER 30, 2003 AND 2002

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, 2003 and 2002, 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, 2003 and 2002, 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 8 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 9 through 11 and schedules of investments and administrative expenses compared to budget presented on pages 23 through 32 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 2003 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 October 5, 2005, 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

October 5, 2005



Marianas
Public
Land
Trust

Management's Discussion and Analysis Year Ended September 30, 2003

As management of the Marianas Public Land Trust, we offer readers of the Marianas Public Land Trust's financial statements this narrative overview and analysis of the financial activities of the Marianas Public Land Trust for the year ended September 30, 2003. This Management's Discussion and Analysis should be read in conjunction with the audited financial statements.

Implementing Authority

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

- "... The number of trustees appointed by the Governor with the advise 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 the Trust's development. Article VIII, Section 802 requires that certain lands be made available to the United States Government by lease in order for it to carry out its defense responsibilities. These lands consist of 7,203 hectares on Tinian, 72 hectares at Tanapag Harbor in Saipan, and the entire island of Farallon de Medinilla.

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

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

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

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

This was the initial source of the funding for the Marianas Public Land Trust, i.e., \$23,942,602 allocated to the MPLT General Fund and \$2,000,000 allocated to the MPLT Park Fund. In 1991, an additional \$1,000,000 distribution was received from the Marianas Public Land Corporation.

Financial Highlights

The following financial highlights are taken from the audited financial statements for the years ended September 30, 2003 and 2002.

- The assets of the Trust grew during 2003 by \$2,814,624 over the amount at 2002. This growth was due to the reversal of the declining valuations of 2002 and 2001 in the U.S. equity markets.
- Total liabilities decreased as of 2003 by \$1,273,349 due to decreased amount due to brokers from year end trades, payment of the FY 2001 distribution to the CNMI General Fund and reduction of accounts payable, which overall was offset by an increase of the amount due to other funds. There was no significant change or basis for the decrease in liabilities other than timing of transactions.
- The above changes netted to result in an increase of \$4,087,973 at 2003 in the total net assets. This increase from 2002 was primarily in the principal fund balance due to the financial market recovery, which increased the value of the equity investments.
- The total revenues of the Trust are a combination of (1) the gains (losses) attributable to the valuation of investments plus (2) the income earned on such investments. Due to the recovery of the equity markets during 2003, the Trust experienced net revenues amounting to \$5,828,595. The fair value of investments increased by \$3,312,645. The two-year decline in the U.S. equity markets was reversed creating a recapture of part of the lost value.

- The administrative costs increased in 2003 by 51%. This was due to primarily to increased costs for attending fiduciary and investment related workshops, increased legal cost due to litigation and related consultation, increased other professional services, increased trustee fees and expenses and the hiring of an additional staff employee.

MPLT General Fund Operations

The Board of Trustees has been continuing to seek guidance as to the extent of their authority to make local investments to benefit Northern Marianas descent. The Supreme Court has been asked to provide guidance on various matters relating to interpretation of the Constitution, but to date we have not received a response.

The Board of Trustees is open to proposals to invest locally through our "economically targeted investment" (ETI) program, but this is subject to meeting prudent asset allocation standards to ensure diversification of our investment portfolio. It is through diversification that risk is managed. The Board also has to ensure the stability of the local investment to meet collateral and ability to repay standards.

Currently, the Trust is managing its Rota scholarship parent/student loan program that was started in 2002 on a trial basis. Additionally, in 1998, the Trust commenced a loan program to NMHC to provide them with the funds to be able to make long term mortgage financing available. As part of the conditions for making these loans, MPLT was granted via an appropriation (P. L. 10-29) the right to keep the interest earned on this loan and allocate it to the principal fund of the Trust. The following is a summary of the interest earned and retained as principal:

<u>Year</u>	<u>Amount</u>
1998	\$ 15,146
1999	246,931
2000	426,094
2001	679,414
2002	795,669
2003	764,713
	<hr/>
Total	\$ 2,927,967

Furthermore, P. L. 12-27 approved the repayment of this loan through legislative appropriation of the operating transfer due to the CNMI General Fund from the net investment income of MPLT. Currently, the balance of the NMHC loan due to MPLT is \$8,996,623.

Condensed Financial Statement Summaries

	<u>Statement of Net Assets</u>		
<u>Assets</u>	<u>2003</u>	<u>2002</u>	<u>Net Change</u>
Current assets	\$ 2,128,096	\$ 2,346,947	\$ (218,851)
Investments	40,843,158	38,374,766	2,468,392
Notes receivable - non-current portion	9,140,417	8,996,623	143,794
Capital assets	20,447	21,716	(1,269)
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Total	\$ 52,132,118	\$ 49,740,052	\$ 2,392,066

Statement of Net Assets, Continued

<u>Liabilities and Net Assets</u>	<u>2003</u>	<u>2002</u>	<u>Net Change</u>
Current liabilities	\$ 181,142	\$ 1,509,279	\$ (1,328,137)
Invested in capital assets	20,447	21,716	(1,269)
Restricted principal	51,930,529	48,209,008	3,721,521
Restricted income	-	49	(49)
Net Assets	51,950,976	48,230,773	3,720,203
Total	\$ 52,132,118	\$ 49,740,052	\$ 2,392,066

Statement of Revenues, Expenses and Changes in Net Assets

	<u>2003</u>	<u>2002</u>	<u>Net Change</u>
Operating revenues	\$ 5,210,084	\$ (690,084)	\$ 5,900,168
Operating expenses	1,048,456	674,502	373,954
Operating transfers	(441,426)	(894,900)	453,474
Change in net assets	3,720,202	(2,259,486)	5,979,688
Beginning net assets	48,230,774	50,490,259	(2,259,485)
Ending net assets	\$ 51,950,976	\$ 48,230,773	\$ 3,720,203

Goals and Objectives

MPLT is pursuing its litigation with MPLA in order to determine the amount that may be due to MPLT. No distributions have been received since 1991, which appears to be contrary to the intent of the Constitution. In August 2003, the Judge stayed all proceedings in the case by ordering the parties to mediate the dispute and provide a settlement plan to the Court. MPLT and MPLA are in the process of complying with the Court's order by arranging for a mediation process to commence.

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. As stated previously, the Park Fund received its principal funding from the lease proceeds of a portion of the Tinian - Tanapag Harbor - Farallon de Medinilla land lease revenues. The \$2,000,000 for the Tanapag Harbor in Saipan was dedicated to the formation of the American Memorial Park. The income on this principal contribution can only be used for the maintenance and development of the American Memorial Park (AMP). Accordingly, this initial principal contribution has been prudently managed since 1983 and has grown to \$6,540,880. This has been accomplished while distributing \$3,111,935 for AMP maintenance and development.

As part of a plan to make some of the principal available for development of the AMP, the Trust entered into a loan arrangement with the Commonwealth Development Authority on November 30, 2001 to lend them \$2,000,000 to be used with CIP funding grants in order to make the following additions and upgrades to the Park:

1. American Memorial Park Visitor/Cultural Center	\$ 1,305,200
2. American Memorial Park Marianas Memorial Garden	514,000
3. Remodel and Upgrade Amphitheater	1,310,800
4. Exhibit Design and Construction of Visitor Center	<u>870,000</u>
Total	\$ <u>4,000,000</u>

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

Condensed Financial Statement Summaries

Statement of Net Assets

<u>Assets</u>	<u>2003</u>	<u>2002</u>	<u>Net Change</u>
Current assets	\$ 1,096,085	\$ 900,560	\$ 195,525
Investments	4,202,928	5,873,038	(1,670,110)
Notes receivable - non-current portion	1,897,143	-	1,897,143
Total	<u>\$ 7,196,156</u>	<u>\$ 6,773,598</u>	<u>\$ 422,558</u>
 <u>Liabilities and Net Assets</u>			
Current liabilities	\$ 193,166	\$ 138,378	\$ 54,788
Restricted principal	6,540,880	6,183,774	357,106
Restricted income	462,110	451,446	10,664
Net assets	<u>7,002,990</u>	<u>6,635,220</u>	<u>367,770</u>
Total	<u>\$ 7,196,156</u>	<u>\$ 6,773,598</u>	<u>\$ 422,558</u>

Statement of Revenues, Expenses and Changes in Net Assets

	<u>2003</u>	<u>2002</u>	<u>Net Change</u>
Operating revenues	\$ 618,511	\$ (155,447)	\$ 773,958
Operating expenses	85,446	77,452	7,994
Operating transfers	(165,294)	(269,855)	104,561
Change in net assets	367,771	(502,754)	870,525
Beginning net assets	6,635,219	7,137,974	(502,755)
Ending net assets	<u>\$ 7,002,990</u>	<u>\$ 6,635,220</u>	<u>\$ 367,770</u>

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 the Trust'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.

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 the MPLT's accountability for the money it receives. If you have questions about this report or need additional financial information, contact MPLT's Executive Director, P. O. Box 501089, Saipan, MP 96950 or phone at (670) 322-4401 or email mplt@vzpacifica.net.

MARIANAS PUBLIC LAND TRUST

Statements of Net Assets
September 30, 2003 and 2002
(With Combining Information as of September 30, 2003)

ASSETS	General	Park	Totals	
	Fund	Fund	2003	2002
Current assets:				
Cash and cash equivalents	\$ 1,343,230	\$ 817,280	\$ 2,160,510	\$ 2,764,383
Receivables:				
Notes	6,866	82,490	89,356	-
Accrued income	583,545	28,662	612,207	342,918
Commissions rebate	1,852	217	2,069	7,547
Other	5,702	-	5,702	51
Due from CNMI Government	4,698	167,436	172,134	51,717
Due from other funds	182,203	-	182,203	3,532
Due from brokers	-	-	-	77,359
Total current assets	<u>2,128,096</u>	<u>1,096,085</u>	<u>3,224,181</u>	<u>3,247,507</u>
Other assets, restricted:				
Investments	<u>40,843,158</u>	<u>4,202,928</u>	<u>45,046,086</u>	<u>44,247,804</u>
Total other assets, restricted	<u>40,843,158</u>	<u>4,202,928</u>	<u>45,046,086</u>	<u>44,247,804</u>
Noncurrent assets:				
Notes receivable, net of current portion	9,140,417	1,897,143	11,037,560	8,996,623
Capital assets (net of accumulated depreciation)	<u>20,447</u>	<u>-</u>	<u>20,447</u>	<u>21,716</u>
Total noncurrent assets	<u>9,160,864</u>	<u>1,897,143</u>	<u>11,058,007</u>	<u>9,018,339</u>
	<u>\$ 52,132,118</u>	<u>\$ 7,196,156</u>	<u>\$ 59,328,274</u>	<u>\$ 56,513,650</u>
<u>LIABILITIES AND NET ASSETS</u>				
Current liabilities:				
Accounts payable	\$ 97,784	\$ 2,997	\$ 100,781	\$ 117,436
Due to other funds	-	182,203	182,203	3,532
Payable to brokers	79,660	7,966	87,626	351,305
Due to CNMI Government	-	-	-	1,174,500
Accrued expenses	<u>3,698</u>	<u>-</u>	<u>3,698</u>	<u>884</u>
Total liabilities	<u>181,142</u>	<u>193,166</u>	<u>374,308</u>	<u>1,647,657</u>
Commitments				
Net assets:				
Investment in capital assets	20,447	-	20,447	21,716
Restricted:				
Principal	51,930,529	6,540,880	58,471,409	54,392,782
Income	<u>-</u>	<u>462,110</u>	<u>462,110</u>	<u>451,495</u>
Total net assets	<u>51,950,976</u>	<u>7,002,990</u>	<u>58,953,966</u>	<u>54,865,993</u>
	<u>\$ 52,132,118</u>	<u>\$ 7,196,156</u>	<u>\$ 59,328,274</u>	<u>\$ 56,513,650</u>

See accompanying notes to financial statements.

MARIANAS PUBLIC LAND TRUST

Statements of Revenues, Expenses and Changes in Net Assets
 Years Ended September 30, 2003 and 2002
 (With Combining Information for the Year Ended September 30, 2003)

	General	Park	Totals	
	Fund	Fund	2003	2002
Operating revenues:				
Net increase (decrease) in the fair value of investments	\$ 2,955,539	\$ 357,106	\$ 3,312,645	\$ (3,460,499)
Interest income	1,796,130	212,210	2,008,340	2,265,721
Dividend income	458,415	49,195	507,610	349,247
Total operating revenues	<u>5,210,084</u>	<u>618,511</u>	<u>5,828,595</u>	<u>(845,531)</u>
Operating expenses:				
Money management administration	203,025	17,653	220,678	146,753
Professional fees	212,458	3,447	215,905	35,381
Money manager fees	163,195	30,754	193,949	202,297
Trustees' expenses	147,385	6,345	153,730	70,817
Contract services	135,300	11,764	147,064	121,879
Consultancy fees	90,056	7,831	97,887	102,720
Salaries and benefits	40,089	3,482	43,571	11,464
Office supplies	20,858	1,806	22,664	21,697
Rent and utilities	13,494	1,173	14,667	13,980
Depreciation	8,904	-	8,904	7,235
Annual report preparation	7,117	619	7,736	11,685
Audit	4,370	380	4,750	5,500
Document management system	2,205	192	2,397	546
Total operating expenses	<u>1,048,456</u>	<u>85,446</u>	<u>1,133,902</u>	<u>751,954</u>
Operating income (loss)	<u>4,161,628</u>	<u>533,065</u>	<u>4,694,693</u>	<u>(1,597,485)</u>
Operating transfers:				
Transfers in	764,713	-	764,713	795,669
Transfers out	(1,206,139)	(165,294)	(1,371,433)	(1,960,424)
Total operating transfers	<u>(441,426)</u>	<u>(165,294)</u>	<u>(606,720)</u>	<u>(1,164,755)</u>
Change in net assets	3,720,202	367,771	4,087,973	(2,762,240)
Net assets at beginning of year	<u>48,230,774</u>	<u>6,635,219</u>	<u>54,865,993</u>	<u>57,628,233</u>
Net assets at end of year	<u>\$ 51,950,976</u>	<u>\$ 7,002,990</u>	<u>\$ 58,953,966</u>	<u>\$ 54,865,993</u>

See accompanying notes to financial statements.

MARIANAS PUBLIC LAND TRUST

Statements of Cash Flows
 Years Ended September 30, 2003 and 2002
 (With Combining Information for the Year Ended September 30, 2003)

	General Fund	Park Fund	Totals	
			2003	2002
Cash flows from operating activities:				
Cash received from operations	\$ 329,268	\$ 175,399	\$ 504,667	\$ 2,159,196
Cash payments to suppliers for goods and services	(1,231,388)	92,549	(1,138,839)	(773,889)
Net cash (used for) provided by operating activities	(902,120)	267,948	(634,172)	1,385,307
Cash flows from noncapital financing activities:				
Net operating transfers out	-	(165,294)	(165,294)	(269,855)
Net cash used for noncapital financing activities	-	(165,294)	(165,294)	(269,855)
Cash flows from capital and related financing activities:				
Acquisition of property and equipment	(7,635)	-	(7,635)	(7,209)
Net cash used for capital and related financing activities	(7,635)	-	(7,635)	(7,209)
Cash flows from investing activities:				
Net increase in notes receivable	(150,660)	(1,979,633)	(2,130,293)	-
Net investment (additions) liquidations	(2,528,363)	1,549,239	(979,124)	223,919
Net increase (decrease) in the fair value of investments	2,955,539	357,106	3,312,645	(3,460,499)
Net cash provided by (used for) investing activities	276,516	(73,288)	203,228	(3,236,580)
Net (decrease) increase in cash and cash equivalents	(633,239)	29,366	(603,873)	(2,128,337)
Cash and cash equivalents at beginning of year	1,976,469	787,914	2,764,383	4,892,720
Cash and cash equivalents at end of year	\$ 1,343,230	\$ 817,280	\$ 2,160,510	\$ 2,764,383
Reconciliation of operating income (loss) to net cash (used for) provided by operating activities:				
Operating income (loss)	\$ 4,161,628	\$ 533,065	\$ 4,694,693	\$ (1,597,485)
Adjustments to reconcile operating income (loss) to net cash (used for) provided by operating activities:				
Net (increase) decrease in the fair value of investments	(2,955,539)	(357,106)	(3,312,645)	3,460,499
Depreciation	8,904	-	8,904	7,235
(Increase) decrease in assets:				
Receivable - accrued income	(740,862)	30,147	(710,715)	(636,625)
Due from CNMI Government	(4,264)	(116,153)	(120,417)	126,180
Due from other funds	(178,671)	-	(178,671)	54,724
Other receivable	(5,651)	-	(5,651)	(51)
Prepaid expense	-	-	-	1,590
Increase (decrease) in liabilities:				
Accounts payable	(15,979)	(676)	(16,655)	23,080
Due to other funds	-	178,671	178,671	(54,724)
Due to CNMI Government	(1,174,500)	-	(1,174,500)	-
Accrued expenses	2,814	-	2,814	884
Net cash (used for) provided by operating activities	\$ (902,120)	\$ 267,948	\$ (634,172)	\$ 1,385,307

Supplemental schedule of noncash operating, financing and investing activities:

Pursuant to Public Law 12-27, MPLT applied the required income distribution to the CNMI General Fund of \$441,426 and \$894,900 for the years ended September 30, 2003 and 2002, respectively, as repayment of NMHC's loan.

Decrease in receivable - accrued income	\$ (441,426)	\$ -	\$ (441,426)	\$ (774,912)
Decrease in notes receivable	-	-	-	(119,988)
Increase in operating transfers out	441,426	-	441,426	894,900
	\$ -	\$ -	\$ -	\$ -

See accompanying notes to financial statements.

MARIANAS PUBLIC LAND TRUST

Notes to Financial Statements
September 30, 2003 and 2002

(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 Marianas Public Lands Authority (MPLA) for the use of public lands. MPLA 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 MPLA, requires it to make reasonable, careful and prudent investments. The Trustees have taken the position that their duty to the beneficiaries is not only to provide income to the general fund of the CNMI but also to preserve the principal of MPLT. As such, MPLT is currently allocating capital gains and losses on equity investments to principal fund balance. These capital gains and losses are not considered to be available for distribution to the general fund of the CNMI. Other forms of income on investments, after deduction of amounts necessary to meet reasonable administrative expenses, are distributed to the general fund of the CNMI.

Additionally, MPLT is responsible for carrying out the intention of Article VIII, Section 803(e) of the Covenant, by establishing a separate trust fund for the development and maintenance of an American Memorial Park. The Trustees are allocating capital gains and losses on equity investments of this trust fund to the principal of the trust fund. Other forms of income on investments, after deduction of amounts necessary to meet reasonable administrative expenses, are to be used for the development and maintenance of the American Memorial Park.

(2) Summary of Significant Accounting Policies

The accounting policies of MPLT conform to accounting principles generally accepted in the United States of America, as applicable to governmental entities, specifically proprietary funds. Governmental Accounting Standards Board (GASB) Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*, requires that proprietary activities apply all applicable GASB pronouncements as well as Statements and Interpretations issued by the Financial Accounting Standards Board (FASB), Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedures issued on or before November 30, 1989. MPLT has implemented GASB 20 and elected not to apply FASB Statements and Interpretations issued after November 30, 1989.

MARIANAS PUBLIC LAND TRUST

Notes to Financial Statements
September 30, 2003 and 2002

(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.

Cash and Cash Equivalents

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, 2003 and 2002, total cash and cash equivalents were \$2,160,510 and \$2,764,383, respectively. Corresponding bank balances were \$289,808 and \$111,070, respectively. Of the bank balance amount, \$289,808 and \$111,070 are maintained in financial institutions subject to Federal Deposit Insurance Corporation (FDIC) insurance as of September 30, 2003 and 2002, respectively. Bank deposits in the amount of \$100,000 were FDIC insured as of September 30, 2003 and 2002.

	<u>2003</u>	<u>2002</u>
Custodian money market sweep deposits	\$ 1,870,702	\$ 2,653,313
Deposits with federally insured banks	<u>289,808</u>	<u>111,070</u>
	<u>\$ 2,160,510</u>	<u>\$ 2,764,383</u>

CNMI law does not require component unit funds to be collateralized and thus MPLT's funds are uncollateralized. The money market sweep account deposit is not federally insured.

Investments

MPLT has selected a custodian for both funds who is to safekeep all securities and cash, account for all cash flows including investment income and provide monthly statements. The minimum criteria for the custodian are:

1. Shall be a U.S. bank or trust company regulated by the Federal Reserve Board, a state banking authority or the Comptroller of the Currency.
2. Shall have a net worth in excess of ten million dollars.

MARIANAS PUBLIC LAND TRUST

Notes to Financial Statements
September 30, 2003 and 2002

(2) Summary of Significant Accounting Policies, Continued

Investments, Continued

3. Shall be a member of the Depository Trust Co. I.D. system.
4. Shall have ten years experience as a custodian of financial assets.
5. Shall have at least \$1 billion in custodial assets.

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

- (i) MPLT has selected three money managers for the General Trust Fund and the American Memorial Park Trust Fund who are given authority to buy and sell securities. Each money manager 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.
 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, and reported net and 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 like 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 Trust assets must adhere to the following guidelines.
 1. The following securities and transactions are not authorized, unless receiving prior Board approval:
 - Letter stock and other unregistered securities; commodities or other commodity contracts; and short sales or margin transactions.
 - Securities lending; pledging or hypothecating securities.
 - Investments in the equity securities of any company with a record of less than three years' continuous operation, including the operation of any predecessor; and investments for the purpose of exercising control of management are all restricted.

MARIANAS PUBLIC LAND TRUST

Notes to Financial Statements
September 30, 2003 and 2002

(2) Summary of Significant Accounting Policies, Continued

Investments, Continued

2. Domestic Equities:

- Equity holdings in any one company should not exceed more than 10% of the market value of MPLT's equity portfolio.
- Investments in any one sector should not be excessive.
- The manager shall emphasize quality in security selection and shall avoid risk of large loss through diversification.
- The manager shall emphasize quality in security selection of the specific style hired to manage and shall avoid risk of large loss through diversification within its mandated style, i.e. Dom. Equity-Lg. Cap. Growth/Value/Core 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 like Moody's, Standard & Poor's and/or a Fitch's credit quality rating of no less than "BBB". 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 one issuer, other than securities of the U.S. government or agencies, shall not exceed 10% of the market value of the fixed income portfolio.
- Holdings of individual issues shall be large enough (round lots) for easy liquidation.

4. International Equities:

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

MARIANAS PUBLIC LAND TRUST

Notes to Financial Statements
September 30, 2003 and 2002

(2) Summary of Significant Accounting Policies, Continued

Investments, 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% 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.
- Any 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/Socially Responsible Investments:

Economically-targeted investments (ETIs) refer to investments in vehicles which 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.

7. International Mutual Funds:

In fiscal year 1998, the Board of Trustees approved the creation of another investment category, which could further diversify the portfolio. The mutual fund's primary focus would be in European and Asian markets.

8. Large Capital Value Money Managers:

The large capital value money managers may invest up to 20% of the portfolio in securities below \$5 billion capitalization, but above \$2.5 billion in market capitalization; up to 20% of the portfolio in ADR's (Asset Depository Receipt) (international) securities above \$2.5 billion in market capitalization; however, at no time shall the portfolio exceed 30% of combined total value in ADR's and Lower-Cap securities below \$5 billion, but above \$2.5 billion in market capitalization.

MARIANAS PUBLIC LAND TRUST

Notes to Financial Statements
September 30, 2003 and 2002

(2) Summary of Significant Accounting Policies, Continued

Investments, Continued

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

1. General Trust Fund

Asset Allocation:

	<u>Lower Limit</u>	<u>Strategic Allocation</u>	<u>Upper Limit</u>
Domestic Large Capitalization Equities:	41%	44%	47%
Value	19%	22%	25%
Growth	19%	22%	25%
Domestic Fixed Income:			
Core	38%	41%	44%
Economically-Targeted Investments:			
ETI (\$5 million)		±15%	

2. American Memorial Park Trust Fund

Asset Allocation:

	<u>Lower Limit</u>	<u>Strategic Allocation</u>	<u>Upper Limit</u>
Domestic Large Capitalization Equities:	47%	50%	53%
Value	22%	25%	28%
Growth	22%	25%	28%
Domestic Fixed Income (50%):			
Core	47%	50%	53%

3. Rebalancing of Strategic Allocation

The percentage allocation to each asset class may vary as much as plus or minus 5% depending upon market conditions.

When necessary and/or available, cash inflows/outflows will be deployed in a manner consistent with 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 to bring the strategic allocation within the threshold ranges (Strategic Allocation).

MARIANAS PUBLIC LAND TRUST

Notes to Financial Statements
September 30, 2003 and 2002

(2) Summary of Significant Accounting Policies, Continued

Investments, Continued

MPLT values its investments at fair value in accordance with GASB Statement 31. MPLT's investments as of September 30, 2003 and 2002 (with combining information as of September 30, 2003) is as follows:

	<u>General Fund</u>	<u>Park Fund</u>	<u>2003</u>	<u>2002</u>
<u>Equities:</u>				
Common stock	\$ 22,866,600	\$ 2,511,523	\$ 25,378,123	\$ 21,745,699
<u>Fixed Income Securities:</u>				
Corporate bonds	11,186,178	1,172,848	12,359,026	15,251,253
Government obligations	1,687,884	167,628	1,855,512	2,319,060
Government agencies	<u>5,102,496</u>	<u>350,929</u>	<u>5,453,425</u>	<u>4,931,792</u>
	<u>\$ 40,843,158</u>	<u>\$ 4,202,928</u>	<u>\$ 45,046,086</u>	<u>\$ 44,247,804</u>

GASB Statement No. 3 requires government entities to categorize investments to give an indication of the level of credit risk assumed by the entity at year end. MPLT's investments are categorized as either (1) insured or registered for which the securities are held by MPLT or its agent in MPLT's name, (2) uninsured and unregistered for which the securities are held by the broker's or dealer's trust department or agent in MPLT's name, or (3) uninsured and unregistered for which the securities are held by the broker or dealer, or by its trust department or agent but not in MPLT's name. All of MPLT's investments are classified in category (1).

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.

New Accounting Standards

For fiscal year 2005, MPLT will be implementing GASB Statement No. 40, *Deposit and Investment Risk Disclosures (an amendment of GASB Statement No. 3)*, GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries* and GASB Statement No. 46, *Net Assets Restricted by Enabling Legislation*. As of September 30, 2004, MPLA has not evaluated the financial statement impact of GASB Statement Nos. 40, 42 and 46.

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:

MARIANAS PUBLIC LAND TRUST

Notes to Financial Statements
September 30, 2003 and 2002

(2) Summary of Significant Accounting Policies, Continued

Net Assets, Continued

- Investment 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, 2003 and 2002.

(3) Notes Receivable

	<u>2003</u>	<u>2002</u>
Note receivable from the Northern Marianas Housing Corporation (NMHC), bearing interest at 8.5%, due on March 1, 2016, collateralized by the full faith and credit of the CNMI Government and specifically pledged loans receivable of NMHC. CNMI Public Law 12-27 approved the repayment of this loan through legislative appropriation of operating transfers to the general fund of the CNMI Government from investment income of MPLT. Operating transfers in the general fund reduces the CNMI Government receivables from MPLT but recognizes a receivable from NMHC deferred for ten years.	\$ 8,996,623	\$ 8,996,623
Note receivable from Adelantun Publickun Luta Enteramente, Incorporated (APLE 501, Inc.), bearing interest at 5% per annum, due on October 18, 2017, with monthly principal and interest payments in the amount of \$1,225, collateralized by a loan portfolio. Proceeds are to be used to fund an independently administered individual or parent-student loan program.	150,660	-
Note receivable from the Commonwealth Development Authority, bearing interest at 6.5% per annum, due on June 1, 2018, collateralized by future distributable net income for the maintenance and development of the American Memorial Park and is to be repaid from earnings of the investments pursuant to CNMI Public Law 11-72.	<u>1,979,633</u>	<u>-</u>
	<u>\$ 11,126,916</u>	<u>\$ 8,996,623</u>

MARIANAS PUBLIC LAND TRUST

Notes to Financial Statements
September 30, 2003 and 2002

(3) Notes Receivable, Continued

At September 30, 2003, principal and interest repayments of the notes receivable for the following years ending September 30, are as follows:

<u>Year ending September 30,</u>	<u>Principal Amount</u>	<u>Interest</u>
2004	\$ 89,356	\$ 900,572
2005	99,762	891,703
2006	103,332	886,225
2007	109,753	879,426
2008	116,496	872,213
2009 - 2013	52,953	4,333,062
2014 - 2018	<u>10,555,264</u>	<u>2,339,902</u>
	<u>\$ 11,126,916</u>	<u>\$ 11,103,103</u>

(4) Capital Assets

A summary of capital assets as of September 30, 2003 and 2002, is as follows:

	<u>Estimated Useful Lives</u>	<u>Balance at October 1, 2002</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at September 30, 2003</u>
Furniture, fixtures and equipment	3 - 10 years	\$ 68,561	\$ 7,635	\$ -	\$ 76,196
Less accumulated depreciation		<u>(46,845)</u>	<u>(8,904)</u>	<u>-</u>	<u>(55,749)</u>
		<u>\$ 21,716</u>	<u>\$ (1,269)</u>	<u>\$ -</u>	<u>\$ 20,447</u>
	<u>Estimated Useful Lives</u>	<u>Balance at October 1, 2001</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at September 30, 2002</u>
Furniture, fixtures and equipment	3 - 10 years	\$ 61,352	\$ 7,209	\$ -	\$ 68,561
Less accumulated depreciation		<u>(39,610)</u>	<u>(7,235)</u>	<u>-</u>	<u>(46,845)</u>
		<u>\$ 21,742</u>	<u>\$ (26)</u>	<u>\$ -</u>	<u>\$ 21,716</u>

(5) Net Assets

In accordance with MPLT's accounting policies, gains and losses on investments are allocated to principal. Additionally, a portion of transfers in from the CNMI government is specifically designated as an increase in principal. Movement in principal and interest accounts for the years ended September 30, 2003 and 2002, is summarized as follows:

MARIANAS PUBLIC LAND TRUST

Notes to Financial Statements
September 30, 2003 and 2002

(5) Net Assets, Continued

	<u>Principal</u>	<u>Income</u>	<u>2003</u>	<u>2002</u>
<u>General Fund</u>				
Balance at beginning of year	\$ 48,209,008	\$ 49	\$ 48,209,057	\$ 50,468,517
Net increase (decrease) in the fair value of investments	2,955,539	-	2,955,539	(3,055,198)
Other operating net income	1,269	1,206,090	1,207,359	1,690,638
Transfers	<u>764,713</u>	<u>(1,206,139)</u>	<u>(441,426)</u>	<u>(894,900)</u>
Balance at end of year	\$ <u>51,930,529</u>	\$ <u>-</u>	\$ <u>51,930,529</u>	\$ <u>48,209,057</u>
<u>Park Fund</u>				
Balance at beginning of year	\$ 6,183,774	\$ 451,446	\$ 6,635,220	\$ 7,137,974
Net increase (decrease) in the fair value of investments	357,106	-	357,106	(405,301)
Other operating net income	-	175,958	175,958	172,402
Transfers	<u>-</u>	<u>(165,294)</u>	<u>(165,294)</u>	<u>(269,855)</u>
Balance at end of year	\$ <u>6,540,880</u>	\$ <u>462,110</u>	\$ <u>7,002,990</u>	\$ <u>6,635,220</u>

(6) Transfers

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, 2003 and 2002, MPLT recorded \$1,206,139 and \$1,690,569, respectively, for transfers out to the general fund of the CNMI.

In accordance with Public Law 10-29, MPLT is to retain all interest from loans to NMHC as an addition to principal. This is considered to be a transfer in from the CNMI government to principal. During the years ended September 30, 2003 and 2002, MPLT recorded \$764,713 and \$795,669, respectively, for transfers in from the general fund of the CNMI.

In accordance with Article VIII, Section 803(e) of the Covenant, MPLT makes operating transfers out for the development and maintenance of the American Memorial Park. During the years ended September 30, 2003 and 2002, MPLT recorded \$165,294 and \$269,855, respectively, for transfers out for this purpose.

MARIANAS PUBLIC LAND TRUST

Notes to Financial Statements
September 30, 2003 and 2002

(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 not to purchase commercial insurance for the risks of loss to which it is exposed. Instead, MPLT's management believes it is more economical to manage its risks internally. MPLT will report all of its risk management activities, if and when such occurs. Claims expenditures and liabilities will be reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Losses, if reported, include an estimate of claims that have been incurred but not reported. No losses as a result of these risks have occurred or have been reported within the accompanying financial statements.

(8) Commitments

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

The Trustees have approved a loan of \$1,000,000 to APLE 501, Inc. The loan is for funding for an independently administered individual or parent-student loan program. As of September 30, 2003, \$150,924 has been disbursed.

(9) Subsequent Events

In fiscal year 2005, the note receivable from APLE 501, Inc. went into arrears. As such, the management of MPLT has elected to reserve for this note in fiscal year 2005 in the amount of \$143,155.

On February 18, 2005, MPLT entered into a settlement agreement with MPLA as full and final settlement of all past claims. MPLA will transfer \$1,000,000 to MPLT in monthly installments of \$5,000 over ten years with a balloon payment at the end of the ten-year term. The principal balance shall bear interest at the rate of 1% per annum. Management of MPLT has elected to record this receivable amount in fiscal year 2005.

MARIANAS PUBLIC LAND TRUST

SCHEDULE 1A

Schedule of Investments - General Fund
September 30, 2003

<u>Equities</u>	<u>Cost</u>	<u>Fair Value</u>
<u>Common Stock</u>		
3M Co.	\$ 294,401	\$ 345,350
American International Group, Inc.	460,487	458,715
Amgen Inc.	397,368	477,448
Baker Hughes Inc.	208,448	183,458
Caterpillar Inc.	197,932	240,940
Citigroup, Inc.	325,768	368,631
Coca Cola Co.	619,638	451,080
Colgate Palmolive Co.	475,357	469,476
Disney (Walt) Company	288,117	238,006
Electronic Arts	70,232	165,924
Eli Lilly & Co.	338,802	302,940
First Data Corp.	351,385	339,660
Gannett Co.	413,117	418,824
Genentech Inc.	186,060	192,336
Gillette Company	502,555	458,082
Johnson & Johnson	352,119	480,344
Kohls Corp.	402,028	363,800
Marriott International, Inc.	177,310	249,574
Marsh & McLennan Cos. Inc.	342,953	309,465
Masco Corporation	196,565	205,632
Medtronic Inc.	322,023	525,504
Microsoft Corp.	419,226	428,120
Omnicom Group Inc.	254,553	244,290
Oracle Corporation	363,515	308,250
Pepsico Inc.	411,769	458,300
Pfizer Inc.	526,951	560,207
Procter & Gamble Co.	410,357	547,638
Qualcomm Inc.	425,966	475,038
Schlumberger Limited	521,053	537,240
United Parcel Svc. Inc.	368,118	389,180
Subtotal - Montag	<u>10,624,173</u>	<u>11,193,452</u>
3M Co.	367,353	455,862
American Express Company	386,205	504,672
Alcoa, Inc.	238,565	235,440
Altria Group, Inc.	533,089	534,360
Anthem, Inc.	176,744	199,724
Brunswick Corporation	197,292	241,392
Burlington Northern Sante Fe Corp.	391,134	427,276
Caterpillar Inc.	222,070	330,432
Chevrontexaco Corp.	230,358	207,205
Cigna Corp.	213,503	111,625
Citigroup Inc.	476,469	618,936
Clorox Company	170,663	201,828
Conocophillips	443,919	448,950
Delphi Corporation	127,357	96,835

See Accompanying Independent Auditors' Report.

MARIANAS PUBLIC LAND TRUST

SCHEDULE 1A

Schedule of Investments - General Fund
September 30, 2003

<u>Equities, Continued</u>	<u>Cost</u>	<u>Fair Value</u>
<u>Common Stock, Continued</u>		
Dow Chemical Company	226,538	211,510
Duke Energy Corp.	294,246	183,443
Eastman Kodak Co.	264,496	150,768
Eaton Corp.	201,157	248,136
Federal Natl. Mtg. Assn. (Fannie Mae)	246,056	217,620
General Electric Co.	508,674	450,131
General Mills, Inc.	216,748	211,815
General Motors Corporation	81,744	98,232
Georgia Pacific Corp.	266,342	319,968
Hartford Finl. Svcs. Group Inc.	264,274	247,361
Honeywell Intl. Inc.	310,171	218,705
ITT Inds Inc.	179,703	245,344
Kimberly-Clark Corp.	241,260	210,412
Kroger Company	346,799	246,606
Lockheed Martin Corp.	156,878	179,985
Lyondell Chemical Company	77,326	80,514
Nicor Inc.	233,894	242,466
Plum Creek Timber Co.	92,272	86,496
Public Service Enterprise Group Inc.	258,947	289,800
Royal Dutch Pete Co.	449,741	411,060
SBC Communications, Inc.	575,729	358,225
Schering-Plough Corp.	261,036	137,160
Target Corp.	397,809	455,323
Textron Incorporated	510,829	485,235
Tenet Healthcare Corp.	176,770	81,088
Thomas & Betts Corporation	84,545	85,590
Tyco Intl. Ltd.	439,879	279,891
Wachovia Corp.	204,703	238,902
Waste Management Inc.	189,858	196,275
Wells Fargo & Co.	169,772	190,550
	<u>12,102,917</u>	<u>11,673,148</u>
Subtotal - Great Lakes Advisors		
Total Common Stock	<u>22,727,090</u>	<u>22,866,600</u>
Total Equities	<u>22,727,090</u>	<u>22,866,600</u>
<u>Fixed Income Securities</u>		
<u>Government Obligations</u>		
U.S. Treasury Bonds @ 7.500%, due 11/15/16	155,223	163,164
U.S. Treasury Bonds @ 7.875%, due 02/15/21	830,550	990,758
U.S. Treasury Bonds @ 6.625%, due 02/15/27	514,439	533,962
	<u>1,500,212</u>	<u>1,687,884</u>
Total Government Obligations - Richmond		

See Accompanying Independent Auditors' Report.

MARIANAS PUBLIC LAND TRUST

SCHEDULE IA

Schedule of Investments - General Fund
September 30, 2003

<u>Fixed Income Securities, Continued</u>	<u>Cost</u>	<u>Fair Value</u>
<u>Government Agencies</u>		
Federal National Mortgage Association @ 5.500%, due 02/15/06	712,454	742,583
Federal National Mortgage Association @ 5.375%, due 11/15/11	271,013	260,625
Federal National Mortgage Association @ 4.375%, due 09/15/12	376,478	392,925
Federal Home Loan Banks Deb @ 5.125%, due 03/06/06	637,410	672,070
Federal Home Loan Banks @ 2.750%, due 03/14/08	510,822	514,963
Federal Home Loan Mortgage Corp. Deb @ 6.625%, due 09/15/09	107,434	116,437
Federal Home Loan Mortgage Corp. @ 3.500%, due 09/15/07	290,955	293,105
Federal Home Loan Mortgage Corp. @ 7.000%, due 03/15/10	371,320	409,903
Federal Home Loan Mortgage Corp. @ 5.125%, due 07/15/12	397,511	414,619
Federal Home Loan Mortgage Corp. @ 6.750%, due 03/15/31	143,833	148,398
Federal National Mortgage Association Deb @ 6.625%, due 11/15/10	188,146	204,695
Federal National Mortgage Association Deb @ 3.250%, due 11/15/07	276,642	279,297
Federal Home Loan Mortgage Corp. Grp #E20222 @ 6.500%, due 02/01/11	51,207	54,240
Federal Home Loan Mortgage Corp. Grp #C76726 @ 6.000%, due 02/01/33	395,249	393,146
Federal National Mortgage Association Pool #603265 @ 5.500%, due 09/01/16	63,859	65,811
Federal National Mortgage Association Pool #739168 @ 5.500%, due 09/01/18	61,839	62,028
Federal National Mortgage Association Pool #743002 @ 5.500%, due 10/01/18	77,355	77,651
Total Government Agencies - Richmond	4,933,527	5,102,496
<u>Corporate Bonds</u>		
Air Prods & Chems Inc. @ 7.375%, due 05/01/05	216,820	223,259
Alcoa Inc. @ 7.375%, due 08/01/10	65,801	71,264
Allstate Corp. @ 7.200%, due 12/01/09	143,514	177,757
American Express @ 6.750%, due 06/23/04	197,950	207,918
American Express @ 4.875%, due 07/15/13	141,134	148,110
American General Fin. Corp. @ 5.750%, due 03/15/07	178,436	197,561
Anheuser Busch Cos Inc. @ 6.750%, due 12/15/27	99,105	114,258
Archer Daniels Midland Co. @ 7.500%, due 03/15/27	110,706	121,931
Associates Corp. @ 6.250%, due 11/01/08	92,449	113,696
Atlantic Richfield Co. Deb @ 10.875%, due 07/15/05	190,453	173,847
Banc One Corp. @ 7.600%, due 05/01/07	165,236	172,439
Becton Dickinson & Co. @ 7.000%, due 08/01/27	107,592	116,241
Bell South Telecommunications @ 6.375%, due 06/01/28	92,706	106,977
Bestfoods M/T/N @ 6.625%, due 04/15/28	105,568	127,567
Boeing Co. Deb @ 7.250%, due 06/15/25	90,196	111,014
Bristol Myers Squibb Co. @ 6.800%, due 11/15/26	100,773	106,872
Campbell Soup Co. @ 6.900%, due 10/15/06	56,688	62,373
Campbell Soup Co. @ 8.875%, due 05/01/21	92,873	93,616
Carolina Power & Lt Co. @ 5.950%, due 03/01/09	175,332	210,813
Caterpillar Finl Svcs Corp. M/T/N @ 6.875%, due 08/01/04	347,081	344,946
Chase Manhattan Corp. @ 6.375%, due 02/15/08	162,589	189,558
Chubb Corp. @ 6.800%, due 11/15/31	99,217	109,923

See Accompanying Independent Auditors' Report.

MARIANAS PUBLIC LAND TRUST

SCHEDULE 1A

Schedule of Investments - General Fund
September 30, 2003

<u>Fixed Income Securities, Continued</u>	<u>Cost</u>	<u>Fair Value</u>
<u>Corporate Bonds, Continued</u>		
Coca-Cola Enterprises Inc. @ 8.500%, due 02/01/22	123,773	149,900
Conoco Inc. USD @ 6.950%, due 04/15/29	60,100	57,609
Daimler Chrysler @ 7.200%, due 09/01/09	174,811	196,107
Deere & Co. @ 8.100%, due 05/15/30	114,902	148,747
Disney Walt Co. @ 4.875%, due 07/02/04	312,775	317,471
Duke Energy Corp. @ 7.375%, due 03/01/10	195,332	207,560
Du Pont E I De Nemours & Co. @ 6.875%, due 10/15/09	96,161	117,962
Du Pont E I De Nemours & Co. @ 8.125%, due 03/15/04	81,674	77,304
Eaton Corp. @ 7.650%, due 11/15/29	90,500	121,618
Emerson Elec. Co. @ 5.500%, due 09/15/08	134,882	154,428
Equitable Cos Inc. @ 7.000%, due 04/01/28	88,667	112,055
Federal Express Corp NT @ 9.650%, due 06/15/12	78,784	80,796
Florida Pwr & Lt Co @ 6.875%, due 12/01/05	110,993	110,680
Ford Motor Cr Co. @ 7.750%, due 03/15/05	250,016	250,000
Ford Motor Cr Co. @ 7.375%, due 10/28/09	92,064	101,260
FPL Group Cap Inc. @ 7.375%, due 06/01/09	195,379	235,540
General Electric Cap. Corp. M/T/N @ 6.750%, due 03/15/32	96,737	112,851
General Motors Acceptance Corp. @ 7.750%, due 01/19/10	99,159	110,051
General Motors Acceptance Corp. @ 6.150%, due 04/05/07	89,462	100,602
Goldman Sachs Group @ 6.650%, due 05/15/09	184,829	224,346
Great Lakes Chem Corp. @ 7.000%, due 07/15/09	148,410	174,840
Hartford Financial Services Group Inc. @ 7.750%, due 06/15/05	159,985	164,836
Household Fin Corp. @ 8.000%, due 07/15/10	175,853	193,893
HSBC USA, Inc. @ 8.375%, due 02/15/07	85,201	87,748
Ingersoll Rand Co. M/T/N @ 6.510%, due 12/01/04	150,000	157,687
International Business Machines M/T/N @ 5.400%, due 10/01/08	130,164	158,975
Johnson & Johnson NT @ 6.730%, due 11/15/23	105,593	117,005
Key Bk Wash M/T/N @ 7.125%, due 08/15/06	105,196	113,084
Lincoln Natl Corp. Ind. @ 6.500%, due 03/15/08	84,076	100,830
MacMillan Bloedel Ltd. @ 6.750%, due 02/15/06	48,315	54,708
McDonalds Corp. M/T/N @ 5.150%, due 07/01/04	207,056	205,092
Mellon Bk N.A. @ 6.500%, due 08/01/05	165,724	167,888
Merrill Lynch & Co. Inc. @ 6.550%, due 08/01/04	20,392	20,846
Merrill Lynch & Co. Inc. @ 7.375%, due 05/15/06	72,315	78,392
Morgan Stanley Group Inc. @ 6.875%, due 03/01/07	130,239	153,236
Morgan Stanley Group Inc. @ 6.750%, due 04/15/11	110,545	108,539
Nationsbank Corp. @ 7.500%, due 09/15/06	112,564	120,141
Nike Inc. @ 6.375%, due 12/01/03	304,956	302,181
NYNEX Cap FDG Co. M/T/N @ 8.750%, due 12/01/04	263,171	245,139
Phillips Pete Co. NT @ 9.375%, due 02/15/11	48,746	52,004
Sara Lee Corp @ 3.875%, due 06/15/13	93,402	90,082
Southwestern Bell Telephone Co. M/T/N @ 6.550%, due 10/07/08	103,592	112,894
St. Paul Cos Inc. M/T/N @ 8.125%, due 04/15/10	59,710	71,270
St. Paul Cos Inc. M/T/N @ 7.180%, due 05/05/04	241,915	247,237
Suntrust BK Atlanta GA M/T/N @ 7.250%, due 09/15/06	106,632	115,325
Sysco Corp. Deb @ 6.500%, due 08/01/28	64,026	72,242
Texaco Cap Inc. @ 8.625%, due 04/01/32	44,594	56,608

See Accompanying Independent Auditors' Report.

MARIANAS PUBLIC LAND TRUST

SCHEDULE 1A

Schedule of Investments - General Fund
September 30, 2003

<u>Fixed Income Securities, Continued</u>	<u>Cost</u>	<u>Fair Value</u>
<u>Corporate Bonds, Continued</u>		
Texaco Cap Inc. @ 6.000%, due 06/15/05	175,107	188,377
Union Camp Corp. @ 6.500%, due 11/15/07	149,626	165,465
United Tech Corp. @ 6.500%, due 06/01/09	209,842	260,163
Wachovia Corp. @ 6.250%, due 08/04/08	100,492	112,711
Wachovia Corp. @ 5.625%, due 12/15/08	95,082	121,159
Walt Disney Co. @ 6.750%, due 03/30/06	97,694	110,080
Wells Fargo & Co. @ 6.375%, due 08/01/11	224,029	215,312
Weyerhaeuser Co. @ 5.250%, due 12/15/09	59,616	63,245
Wisconsin Pwr & Lt Co. @ 5.700%, due 10/15/08	97,335	118,117
Total Corporate Bonds - Richmond	<u>10,254,414</u>	<u>11,186,178</u>
Total Fixed Income Securities	<u>16,688,153</u>	<u>17,976,558</u>
Total Equities and Fixed Income Securities	<u>\$ 39,415,243</u>	<u>\$ 40,843,158</u>

See Accompanying Independent Auditors' Report.

MARIANAS PUBLIC LAND TRUST

SCHEDULE 1B

Schedule of Investments - Park Fund
September 30, 2003

<u>Equities</u>	<u>Cost</u>	<u>Fair Value</u>
<u>Common Stock</u>		
3M Co.	\$ 34,635	\$ 41,442
American International Group Inc.	48,663	56,257
Amgen Inc.	49,609	58,068
Baker Hughes Inc.	26,877	23,672
Caterpillar Inc.	22,849	27,536
Citigroup, Inc.	40,060	43,963
Coca Cola Co.	79,242	55,848
Colgate Palmolive Co.	56,807	55,890
Disney (Walt) Company	36,517	28,238
Electronic Arts	6,630	18,436
Eli Lilly & Co.	41,682	35,640
First Data Corp.	41,121	39,960
Gannett Co., Inc.	53,724	54,292
Genentech Inc.	23,166	24,042
Gillette Company	62,212	55,709
Johnson & Johnson	38,210	59,424
Kohls Corp.	47,127	42,800
Marriott International Inc.	21,164	30,121
Marsh & McLennan Cos. Inc.	42,895	38,088
Masco Corporation	23,250	24,480
Medtronic, Inc.	35,538	65,688
Microsoft Corp.	51,795	52,820
Omnicom Group Inc.	29,922	28,740
Oracle Corporation	43,727	37,125
Pepsico, Inc.	49,244	54,996
Pfizer Inc.	62,164	67,444
Procter & Gamble Co.	46,060	64,974
Qualcomm Inc.	54,768	58,338
Schlumberger Limited	62,319	62,920
United Parcel Svc. Inc.	41,724	44,660
Subtotal - Montag	<u>1,273,701</u>	<u>1,351,611</u>
3M Co.	38,776	48,349
Alcoa, Inc.	22,792	18,312
Altria Group, Inc.	42,408	39,420
American Express Company	44,227	56,325
Anthem, Inc.	20,079	22,683
Brunswick Corporation	23,980	28,248
Burlington Northern Santa Fe Corp.	42,409	46,192
Caterpillar Inc.	26,237	34,420
Chevrontexaco Corp.	21,732	17,862
Cigna Corp.	18,162	8,930
Citigroup Inc.	44,378	47,785
Clorox Company	17,859	20,642
Conocophillips	45,578	43,800
Delphi Corporation	15,391	10,408
Dow Chemical Company	26,039	24,405
Duke Energy Corp.	28,571	14,248
Eastman Kodak Co.	31,006	15,705

See Accompanying Independent Auditors' Report.

MARIANAS PUBLIC LAND TRUST

SCHEDULE 1B

Schedule of Investments - Park Fund
September 30, 2003

<u>Equities, Continued</u>	<u>Cost</u>	<u>Fair Value</u>
<u>Common Stock, Continued</u>		
Eaton Corporation	22,398	26,586
Federal National Mortgage Association (Fannie Mae)	29,662	24,570
General Electric Co.	54,866	44,715
General Mills, Inc.	22,731	21,182
General Motors Corporation	8,515	10,233
Georgia Pacific Corp.	26,241	25,452
Hartford Finl Svcs. Group Inc.	26,297	21,052
Honeywell Intl. Inc.	44,844	31,620
ITT Inds Inc.	26,298	35,904
Kimberly-Clark Corp.	25,394	20,528
Kroger Company	37,647	26,805
Lockheed Martin Corp.	17,838	20,767
Lyondell Chemical Company	7,364	7,668
Nicor Inc.	27,612	26,355
Plum Creek Timber Co.	11,196	10,176
Public Service Enterprise Group Inc.	24,866	23,100
Royal Dutch Pete Co.	47,177	39,780
SBC Communications Inc.	65,467	37,825
Schering-Plough Corp.	28,286	12,192
Target Corp.	42,742	48,919
Tenet Healthcare Corp.	23,043	8,688
Textron Incorporated	43,818	35,505
Thomas & Betts Corporation	8,611	8,717
Tyco Intl. Ltd.	55,226	26,559
Wachovia Corp.	17,838	20,595
Waste Management Inc.	20,353	20,936
Wells Fargo & Co.	22,705	25,749
	<hr/>	<hr/>
Subtotal - Great Lakes Advisors	1,298,659	1,159,912
	<hr/>	<hr/>
Total Common Stock	2,572,360	2,511,523
	<hr/>	<hr/>
Total Equities	2,572,360	2,511,523
	<hr/>	<hr/>
<u>Fixed Income Securities</u>		
<u>Government Obligations</u>		
U.S. Treasury Bonds @ 7.500%, due 11/15/16	24,886	26,106
U.S. Treasury Bonds @ 7.875%, due 02/15/21	68,480	81,994
U.S. Treasury Bonds @ 6.625%, due 02/15/27	47,032	49,100
U.S. Treasury Notes @ 4.375%, due 08/15/12	10,388	10,428
	<hr/>	<hr/>
Total Government Obligations - Richmond	150,786	167,628
	<hr/>	<hr/>
<u>Government Agencies</u>		
Federal Home Ln Bks @ 2.750%, due 03/14/08	49,118	49,516
Federal Home Loan Mortgage Corp. @ 3.500%, due 09/15/07	20,418	20,569
Federal Home Loan Mortgage Corp. Grp #E63380 @ 6.500%, due 03/01/11	5,608	5,943
Federal Home Loan Mortgage Corp. @ 5.125%, due 07/15/12	10,302	10,631

See Accompanying Independent Auditors' Report.

MARIANAS PUBLIC LAND TRUST

SCHEDULE 1B

Schedule of Investments - Park Fund
September 30, 2003

<u>Fixed Income Securities, Continued</u>	<u>Cost</u>	<u>Fair Value</u>
<u>Government Agencies, Continued</u>		
Federal Home Loan Mortgage Corp. @ 6.750%, due 03/15/31	52,298	47,487
Federal Home Loan Mortgage Corp. Deb @ 6.625%, due 09/15/09	27,792	29,109
Federal National Mortgage Association @ 6.625%, due 09/15/09	34,491	34,941
Federal National Mortgage Association @ 5.375%, due 11/15/11	39,523	38,008
Federal National Mortgage Association @ 4.375%, due 09/15/12	52,807	55,412
Federal National Mortgage Association Pool #603265 @ 5.500%, due 09/01/16	9,579	9,872
Federal National Mortgage Association Pool #739168 @ 5.500%, due 09/01/18	10,306	10,338
Federal National Mortgage Association Pool #743002 @ 5.500%, due 10/01/18	12,893	12,942
Federal National Mortgage Association Deb @ 3.250%, due 11/15/07	20,119	20,313
Federal National Mortgage Association Deb @ 6.625%, due 11/15/10	5,337	5,848
Total Government Agencies - Richmond	350,591	350,929
<u>Corporate Bonds</u>		
Air Prods & Chems Inc. @ 7.375%, due 05/01/05	10,389	10,891
Alcoa Inc. @ 7.375%, due 08/01/10	10,967	11,877
American Express @ 6.750%, due 06/23/04	9,982	10,396
American Express @ 4.875%, due 07/15/13	9,733	10,215
American Genl Corp. NT @ 7.750%, due 04/01/05	16,467	16,356
American Gen. Fin. Corp. @ 5.750%, due 03/15/07	24,783	27,439
Anheuser Busch Cos. Inc. @ 6.750%, due 12/15/27	9,980	11,426
Archer Daniels Midland Co. @ 7.500%, due 03/15/27	5,535	6,097
Associates Corp. N A @ 6.200%, due 05/16/05	19,945	21,502
Atlantic Richfield Co. DEB @ 10.875%, due 07/15/05	31,742	28,974
Becton Dickinson & Co. @ 7.000%, due 08/01/27	5,380	5,812
Bell South Telecommunications @ 6.375%, due 06/01/28	9,113	10,698
Bestfoods M/T/N @ 6.625%, due 04/15/28	4,534	5,546
Boeing Co. Deb @ 7.250%, due 06/15/25	4,510	5,551
Bristol Myers Squibb Co. @ 6.800%, due 11/15/26	5,304	5,625
Campbell Soup Co. @ 6.900%, due 10/15/06	26,261	28,351
Campbell Soup Co. @ 8.875%, due 05/01/21	6,634	6,687
Carolina Power & Lt Co. @ 5.950%, due 03/01/09	23,070	27,738
Caterpillar Finl Svcs Corp. M/T/N @ 6.875%, due 08/01/04	34,153	36,585
Chase Manhattan Corp. @ 6.375%, due 02/15/08	28,703	33,452
Chubb Corp. @ 6.600%, due 08/15/18	5,081	5,634
Chubb Corp. @ 6.800%, due 11/15/31	4,961	5,496
Cit Group Inc. @ 7.750%, due 04/02/12	22,619	23,737
Coca Cola Enterprises Inc. @ 8.500%, due 02/01/22	5,381	6,517
Daimler Chrysler @ 7.200%, due 09/01/09	19,978	22,412
Deere & Co. @ 8.100%, due 05/15/30	4,996	6,467
Disney Walt Co. @ 4.875%, due 07/02/04	25,224	25,602
Dover Corp. @ 6.650%, due 06/01/28	5,188	5,668
Duke Energy Corp. @ 7.375%, due 03/01/10	5,426	5,766
Du Pont E I De Nemours & Co. @ 6.875%, due 10/15/09	19,232	23,592
Du Pont E I De Nemours & Co. @ 8.125%, due 03/15/04	32,153	30,922
Eaton Corp. @ 7.650%, due 11/15/29	9,050	12,162

See Accompanying Independent Auditors' Report.

MARIANAS PUBLIC LAND TRUST

SCHEDULE 1B

Schedule of Investments - Park Fund
September 30, 2003

<u>Fixed Income Securities, Continued</u>	<u>Cost</u>	<u>Fair Value</u>
<u>Corporate Bonds, Continued</u>		
Equitable Cos Inc. @ 7.000%, due 04/01/28	8,867	11,205
Federal Express Corp. NT @ 9.650%, due 06/15/12	13,131	13,466
Ford Motor Cr Co. @ 7.375%, due 10/28/09	15,657	15,988
General Mtrs Accep Corp @ 6.150%, due 04/05/07	9,417	10,590
General Mtrs Accep Corp @ 7.750%, due 01/19/10	19,832	22,010
Goldman Sachs Group @ 6.650%, due 05/15/09	18,939	23,010
Great Lakes Chem Corp @ 7.000%, due 07/15/09	19,788	23,312
Hartford Finl Svcs Group Inc. @ 7.750%, due 06/15/05	31,997	32,967
Hartford Life Inc. @ 6.900%, due 06/15/04	19,991	20,729
Heinz H J Co. @ 6.750%, due 07/15/28	5,157	5,389
Household Fin Corp. @ 8.000%, due 07/15/10	21,982	24,237
Ingersoll Rand Co. M/T/N @ 6.510%, due 12/01/04	25,000	26,281
Johnson & Johnson NT @ 6.730%, due 11/15/23	10,194	11,700
Key Bk Wash M/T/N @ 7.125%, due 08/15/06	26,299	28,271
Lincoln Natl Corp. Ind. @ 6.500%, due 03/15/08	14,013	16,805
MacMillan Bloedel Ltd. @ 6.750%, due 02/15/06	9,663	10,942
Merrill Lynch & Co. Inc. @ 7.375%, due 05/15/06	10,331	11,199
Morgan Stanley Co. @ 6.750%, due 04/15/11	11,636	11,425
Nationsbank Corp. @ 7.625%, due 04/15/05	68,266	70,853
New York Telephone @ 6.000%, due 04/15/08	4,630	5,507
Nike Inc. @ 6.375%, due 12/01/03	10,165	10,073
Norwest Finl Inc. @ 7.200%, due 04/01/04	15,584	15,432
NYNEX Cap. FDG Co. M/T/N @ 8.750%, due 12/01/04	40,048	37,304
Phillips Pete Co. NT @ 9.375%, due 02/15/11	12,187	13,001
Procter & Gamble Co. @ 6.450%, due 01/15/26	8,442	11,198
Rockwell Intl Corp. @ 6.625%, due 06/01/05	9,899	10,639
Salomon Smith Barney Hldgs Inc. @ 6.375%, due 10/01/04	9,907	10,478
Sara Lee Corp. @ 3.875%, due 06/15/13	9,865	9,482
Suntrust Bk Atlanta GA M/T/N @ 7.250%, due 09/15/06	31,990	34,597
Sysco Corp. Deb @ 6.500%, due 08/01/28	4,727	5,557
Texaco CAP Inc. @ 8.625%, due 04/01/32	11,148	14,152
Union Camp Corp. @ 6.500%, due 11/15/07	24,938	27,577
Wal-Mart Stores @ 6.875%, due 08/10/09	14,941	17,633
Wachovia Corp. New @ 5.625%, due 12/15/08	12,966	16,522
Weyerhaeuser Co. @ 5.250%, due 12/15/09	9,936	10,541
Wisconsin Pwr & Lt Co. @ 5.700%, due 10/15/08	30,970	37,583
Total Corporate Bonds - Richmond	<u>1,078,977</u>	<u>1,172,848</u>
Total Fixed Income Securities	<u>1,580,354</u>	<u>1,691,405</u>
Total Equities and Fixed Income Securities	<u>\$ 4,152,714</u>	<u>\$ 4,202,928</u>

See Accompanying Independent Auditors' Report.

MARIANAS PUBLIC LAND TRUST

SCHEDULE 2

Schedule of Administrative Expenses
 Compared to Budget
 Year Ended September 30, 2003

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Money management administration	\$ 206,365	\$ 220,678	\$ (14,313)
Professional fees	224,116	215,905	8,211
Money manager fees	195,557	193,949	1,608
Trustees' expenses	156,838	153,730	3,108
Contract services	143,971	147,064	(3,093)
Consultancy fees	97,930	97,887	43
Salaries and benefits	42,616	43,571	(955)
Office supplies	21,460	22,664	(1,204)
Rent and utilities	14,660	14,667	(7)
Depreciation	-	8,904	(8,904)
Annual report preparation	12,067	7,736	4,331
Audit	4,750	4,750	-
Document management system	2,845	2,397	448
	<u>\$ 1,123,175</u>	<u>\$ 1,133,902</u>	<u>\$ (10,727)</u>
Total			

See Accompanying Independent Auditors' Report.

MARIANAS PUBLIC LAND TRUST
(NONEXPENDABLE TRUST FUNDS)

INDEPENDENT AUDITORS' REPORT ON
INTERNAL CONTROL AND ON COMPLIANCE

YEAR ENDED SEPTEMBER 30, 2003

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

Board of Trustees
Marianas Public Land Trust:

We have audited the financial statements of the Marianas Public Land Trust (MPLT) as of and for the year ended September 30, 2003, and have issued our report thereon dated October 5, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered MPLT's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether MPLT's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

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

Deloitte & Touche LLC

October 5, 2005

MARIANAS PUBLIC LAND TRUST

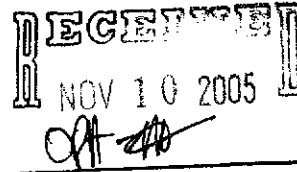
Unresolved Prior Year Comments
Year Ended September 30, 2003

There are no unresolved findings from prior year audits of MPLT.

Deloitte.

Deloitte & Touche
P.O. Box 500308
Saipan, MP 96950-0308
Tel: (670) 322-7337/0860/0861
Fax: (670) 322-7340
www.deloitte.com

November 10, 2005



Mr. Michael S. Sablan
Public Auditor
Office of the Public Auditor
P.O. Box 501399
Saipan, MP 96950-1399

Dear Mr. Sablan:

Enclosed please find five (5) bound and one (1) unbound copy of the audit of financial statements of the Marianas Public Land Trust for the year ended September 30, 2003.

Please acknowledge receipt by signing and returning to us the attached copy of this letter.

Very truly yours,

A handwritten signature in black ink, which appears to be "Michael S. Johnson".

Michael S. Johnson
Managing Partner, Saipan

Received by: _____ Date: _____

Member of
Deloitte Touche Tohmatsu

Mike
Dave
Neil
File