

*Financial Statements and
Supplementary Information*

Marianas Public Land Trust

(A Component Unit of the Commonwealth of the
Northern Mariana Islands)

*Years ended September 30, 2013 and 2012
with Report of Independent Auditors*



**Building a better
working world**

Marianas Public Land Trust
(A Component Unit of the Commonwealth of the Northern Mariana Islands)

Financial Statements and
Supplementary Information

Years ended September 30, 2013 and 2012

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Ernst & Young (CNMI), Inc.
Suite 209 Oleai Business Center
P.O. Box 503198
Saipan, MP 96950

Tel: +1 670 234 8300
Fax: +1 670 234 8302
ey.com

Report of Independent Auditors

The Board of Trustees
Marianas Public Land Trust

Report on the Financial Statements

We have audited the accompanying financial statements of the Marianas Public Land Trust (the Trust), a component unit of the Commonwealth of the Northern Mariana Islands, which comprise the statement of net position as of September 30, 2013, and the related statements of revenues, expenses and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Marianas Public Land Trust as of September 30, 2013, and the changes in its financial position and its cash flows, for the year then ended in conformity with U.S. generally accepted accounting principles.

Report of Other Auditors on 2012 Financial Statements

The financial statements of the Marianas Public Land Trust as of and for the year ended September 30, 2012 were audited by other auditors whose report dated September 9, 2013, expressed an unmodified opinion on those financial statements.

Required Supplementary Information

U.S. generally accepted accounting principles require that the Management's Discussion and Analyses on pages 4 through 12 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

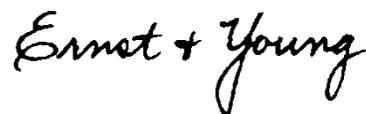
Our audit was conducted for the purpose of forming an opinion on the Marianas Public Land Trust's financial statements. The combining statement of net position, the combining statement of revenues, expenses and changes in net position, the combining statement of cash flows, the schedule of investments - general fund, the schedule of investments - park fund, and the schedule of administrative expenses compared to budget are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Supplementary Information, continued

The combining statement of net position, the combining statement of revenues, expenses and changes in net position, the combining statement of cash flows, the schedule of investments - general fund, the schedule of investments - park fund, and the schedule of administrative expenses compared to budget are the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, based on our audit, the procedures performed as described above, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we also have issued our report dated July 31, 2014 on our consideration of the Marianas Public Land Trust's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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* in considering the Marianas Public Land Trust's internal control over financial reporting and compliance.

The logo for Ernst & Young, featuring the company name in a stylized, cursive script font.

July 31, 2014



MARIANAS PUBLIC LAND TRUST

COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS

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, 2013. This Management's Discussion and Analysis should be read in conjunction with the audited financial statements.

Implementing Authority

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

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

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

The Covenant contains key provisions, which are fundamental to MPLT's development. Article VIII, Section 802 requires that certain lands be made available to the United States Government by lease in order for it to carry out its defense responsibilities. These lands consist of 7,203 hectares on Tinian, 72 hectares at Tanapag Harbor in Saipan, and the entire island of Farallon de Medinilla.

Marianas Public Land Trust
(A Component Unit of the Commonwealth of the Northern Mariana Islands)

Management's Discussion and Analysis, continued

Implementing Authority, continued

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

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

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

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

This was the initial source of the funding for MPLT, i.e., \$23,942,602 allocated to the MPLT General Fund and \$2,000,000 allocated to the MPLT Park Fund. In 1991, 2007, 2008 and 2012, additional distributions were received of \$1,000,000, \$1,250,000, \$3,500,000 and \$1,000,000, respectively, from the Marianas Public Land Corporation and its successors, including the Department of Public Lands. These amounts were treated as General Fund principal contributions.

Financial Highlights

The following financial highlights are taken from the audited financial statements for the years ended September 30, 2013, 2012 and 2011.

- The assets of MPLT increased in 2013 by \$859,120 over the amount at 2012. This increase in assets was due to a continuing trend of increasing fair value of investments.

Marianas Public Land Trust
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Management's Discussion and Analysis, continued

Financial Highlights, continued

The assets of MPLT increased in 2012 by \$5,942,187 over the amount at 2011. This increase in assets was due primarily to the increase in fair value of investments rebounding from the 2011 which showed an overall loss of value.

The assets of MPLT decreased in 2011 by \$1,673,342 over the amount at 2010. This net decrease in assets was due primarily to a "soft" securities market that resulted in increased loss of security values as well as realized losses due to the sales of securities. Additionally, losses were recognized due to valuation of our local investments.

- Total liabilities for 2013 decreased by \$985,900 from 2012 due primarily to a decrease in the amount due to brokers, which is a function of security purchases that did not clear by year end.

Total liabilities for 2012 increased by \$278,251 from 2011 due to an increase of due to brokers resulting from a change in money managers and the sale of investments. This was offset somewhat due to the application of the amount due to the CNMI General Fund being applied as of year end. Accounts payable and accrued expenses did not change materially from the amount in 2011.

Total liabilities for 2011 increased by \$1,946,459 over the amount from 2010 attributable to recognition of \$1,950,418 due to the CNMI Government.

- The above changes resulted in an increase of \$1,845,020 in total net position for 2013, increase in total net position of \$5,663,936 for 2012, and a decrease in total net position of \$3,619,801 for 2011.
- 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 2013, 2012, and 2011 were \$5,087,100, \$7,630,783 and \$(257,861), respectively.
- The total performance of MPLT for 2013 was 6.2% exceeding our target rate of return of 5.1%, 2012 was 11.3% as the economy experienced a slow recovery, and 2011 was .55% as the security markets showed no growth for the year.
- The overall administrative costs decreased in 2013 by 1% or \$10,099, decreased in 2012 by 11% or \$101,108 as there was only a minimum impairment loss, and increased in 2011 by 14% or \$112,291. The increase in 2011 was due primarily to the recognition of an impairment loss from the decline in value of the land held for future development. Otherwise, the administrative costs would have decreased by \$28,709.

Marianas Public Land Trust
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Management's Discussion and Analysis, continued

MPLT General Fund Operations

The investment income for 2013, 2012, and 2011 was \$2,625,814, \$2,624,126, and \$2,942,976, respectively.

The distributions to the CNMI General Fund paid for 2013, 2012, and 2011 was \$1,908,543, \$1,894,921, and \$2,248,926, respectively. The cumulative amount distributed to the CNMI General Fund since inception in 1983 has been \$53,777,123. This has occurred while growing the principal fund by \$38,338,021 for the same time-period. The General Fund's annual return for 2013 was 5.91%, 2012 was 11.03%, and 2011 was .67%.

The loan made to the Northern Marianas Housing Corporation (NMHC) became un-performing when NMHC defaulted 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 \$4,830,000 was recognized by MPLT as of September 30, 2013 (net current value of \$3,257,313).

General Fund Condensed Financial Statements Summaries

STATEMENTS OF NET POSITION

	<u>2013</u>	<u>2012</u>	<u>2011</u>
<u>Assets</u>			
Current assets	\$ 7,910,146	\$ 9,702,628	\$ 3,580,828
Other assets, restricted	58,319,988	52,736,865	52,003,958
Notes receivable - noncurrent portion	2,697,801	5,626,421	7,552,805
Capital assets	322,814	348,336	209,744
Total	<u>\$69,250,749</u>	<u>\$68,414,250</u>	<u>\$63,347,335</u>
<u>Liabilities and Net Position</u>			
Current liabilities	<u>\$ 1,220,126</u>	<u>\$ 2,134,484</u>	<u>\$ 2,051,650</u>
Net position:			
Invested in capital assets	322,814	348,336	209,744
Restricted	<u>67,707,809</u>	<u>65,931,430</u>	<u>61,085,941</u>
Net position	<u>68,030,623</u>	<u>66,279,766</u>	<u>61,295,685</u>
Total	<u>\$69,250,749</u>	<u>\$68,414,250</u>	<u>\$63,347,335</u>

Marianas Public Land Trust
(A Component Unit of the Commonwealth of the Northern Mariana Islands)

Management's Discussion and Analysis, continued

General Fund Condensed Financial Statements Summaries, continued

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Operating revenues, net	\$ 4,376,670	\$ 6,624,207	\$(263,321)
Operating expenses	(716,715)	(727,691)	(835,450)
Non-operating expenses, net	(1,909,098)	(912,435)	(2,248,926)
Change in net position	1,750,857	4,984,081	(3,347,697)
Beginning net position	66,279,766	61,295,685	64,643,382
Ending net position	<u>\$68,030,623</u>	<u>\$66,279,766</u>	<u>\$ 61,295,685</u>

STATEMENTS OF CASH FLOWS

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Cash flows from operating activities	\$ 1,760,252	\$(8,594)	\$ 1,935,145
Cash flows from noncapital financing activities	---	1,000,000	---
Cash flows from capital and related financing activities	(16,120)	(197,695)	(19,359)
Cash flows from investing activities	(3,400,293)	231,124	(122,105)
Net increase (decrease) in cash and cash equivalents	(1,656,161)	1,024,835	1,793,681
Cash and cash equivalents at beginning of year	3,844,849	2,820,014	1,026,333
Cash and cash equivalents at end of year	<u>\$ 2,188,688</u>	<u>\$ 3,844,849</u>	<u>\$ 2,820,014</u>

Capital Assets

At September 30, 2013, 2012, and 2011, MPLT had \$322,814, \$348,336, and \$209,744, respectively, in capital assets, net of accumulated depreciation where applicable, including furniture, fixtures and equipment, vehicles and land, which represent a net decrease in 2013 of \$25,522, increase in 2012 of \$138,592, and a decrease in 2011 of \$144,614. See note 4 to the financial statements for more information on MPLT's capital assets.

Marianas Public Land Trust
(A Component Unit of the Commonwealth of the Northern Mariana Islands)

Management's Discussion and Analysis, continued

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 Trustees 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 2013 was 8.59%, 2012 was 13.61%, and 2011 was (.12)%. The Park Fund has not suffered local investment losses as it only invests to benefit the American Memorial Park. As stated previously, the Park Fund received its principal funding from the lease proceeds of a portion of the Tinian - Tanapag Harbor - Farallon de Medinilla land lease revenues. The \$2,000,000 for the Tanapag Harbor in Saipan was dedicated to the formation of the American Memorial Park. The income on this principal contribution can only be used for the maintenance and development of the American Memorial Park (AMP). Accordingly, this initial principal contribution has been prudently managed since 1983 and has grown to \$8,524,059. This has been accomplished while distributing \$5,922,134 for AMP maintenance and development.

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

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

This loan is to be repaid from future income realized on the Park Fund investments. As income is received, the principal portion of the payment will be taken from the income stream and transferred to principal and re-invested. The term of the loan is fifteen years at an annual rate of 6.5%. The monthly principal and interest payment will be about \$17,200. It is through this mechanism that MPLT has been able to benefit the Park and sustain new development.

Marianas Public Land Trust
(A Component Unit of the Commonwealth of the Northern Mariana Islands)

Management's Discussion and Analysis, continued

Park Fund Condensed Financial Statements Summaries

STATEMENTS OF NET POSITION

<u>Assets</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Current assets	\$ 453,616	\$ 769,808	\$ 554,607
Other assets, restricted	7,382,769	7,042,129	6,226,927
Notes receivable - noncurrent portion	831,943	835,443	984,143
Total	\$8,668,328	\$8,647,380	\$7,765,677

Liabilities and Net Position

Current liabilities	\$ 144,269	\$ 217,484	\$ 15,636
Net position:			
Restricted principal	8,503,408	8,105,470	7,423,806
Restricted income	20,651	324,426	326,235
Net position	8,524,059	8,429,896	7,750,041
Total	\$8,668,328	\$8,647,380	\$7,765,677

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Operating revenues	\$ 710,430	\$1,006,576	\$ 5,460
Operating expenses	(76,137)	(75,260)	(68,609)
Non-operating expenses, net	(540,130)	(251,461)	(208,955)
Change in net position	94,163	679,855	(272,104)
Beginning net position	8,429,896	7,750,041	8,022,145
Ending net position	\$8,524,059	\$8,429,896	\$7,750,041

Marianas Public Land Trust
(A Component Unit of the Commonwealth of the Northern Mariana Islands)

Management's Discussion and Analysis, continued

Park Fund Condensed Financial Statements Summaries, continued

STATEMENTS OF CASH FLOWS

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Cash flows from operating activities	\$ 444,006	\$(8,568)	\$ 161,764
Cash flows from noncapital financing activities	---	(43,000)	---
Cash flows from investing activities	(334,132)	(133,535)	11,586
<hr/>			
Net increase (decrease) in cash and cash equivalents	109,874	(185,103)	173,350
Cash and cash equivalents at beginning of year	174,640	359,743	186,393
<hr/>			
Cash and cash equivalents at end of year	\$ 284,514	\$ 174,640	\$ 359,743
<hr/>			

Goals and Objectives

It is the intention of the 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 the facility, which benefits the Commonwealth as a whole. Currently, improvements are being made to the tennis court and surrounding areas.

Economic Outlook

MPLT suffered in 2008 its largest loss of principal since 2002. This was due to the World-wide credit collapse and resulting recession. 2009 began a recovery of investment values and fortunately, due to our investment discipline, MPLT has recovered from the 2008 losses and has been able to add value to the portfolio. The outlook for 2014 appears to be a modest year for economic growth. This will likely force the Federal Reserve to continue its stimulus program. If the Federal Reserve reduces its stimulus program, the financial markets are certain to suffer. There is also the potential for inflation. These factors will likely keep equity value growth comparable to 2013. Also, the bond market would suffer as interest rates begin to increase. It will likely take many years before the U.S. experiences a booming economy once again. The Trust has a long term time horizon. Accordingly, the Trust is reviewing changes to its current investment allocation in order to increase its risk-adjusted yields. Accordingly, the Trust will be adding some additional asset classes, but the basic investment approach will remain the same.

Marianas Public Land Trust
(A Component Unit of the Commonwealth of the Northern Mariana Islands)

Management's Discussion and Analysis, continued

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 manages. The Management's Discussion and Analysis for the year ended September 30, 2013 is set forth in the report on the audit of MPLT's financial statements, which is dated July 31, 2014. The Discussion and Analysis explains the major factors impacting the 2013 financial statements. If you have questions about this report or the 2012 or 2011 reports or need additional financial information, contact the MPLT office, P.O. Box 501089, Saipan, MP 96950 or phone at (670) 322-4401 or email mplt@mplt.gov.mp.

Marianas Public Land Trust
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Statements of Net Position

	September 30,	
	2013	2012
Assets		
Current assets:		
Cash and cash equivalents	\$ 2,473,202	\$ 4,019,489
Receivables:		
Notes receivable, current portion	4,203,844	3,760,941
Accrued income	439,412	538,121
Others	10,763	6,573
Due from brokers	1,185,974	2,132,923
Prepaid expense	40,242	2,391
Total current assets	8,353,437	10,460,438
Noncurrent assets:		
Notes receivable, net of current portion and allowance for loan losses	3,529,744	6,461,864
Investments	65,197,186	59,778,994
Foreclosed properties	505,571	---
Capital assets, net	322,814	348,336
Total noncurrent assets	69,555,315	66,589,194
Total assets	\$ 77,908,752	\$ 77,049,632
Liabilities and net position		
Current liabilities:		
Accounts payable	\$ 49,773	\$ 33,703
Due to brokers	1,296,315	2,302,276
Accrued expenses	7,982	3,991
Total liabilities	1,354,070	2,339,970
Commitment and contingency		
Net position:		
Invested in capital assets	322,814	348,336
Restricted	76,231,868	74,361,326
Total net position	76,554,682	74,709,662
Total liabilities and net position	\$ 77,908,752	\$ 77,049,632

See accompanying notes.

Marianas Public Land Trust
(A Component Unit of the Commonwealth of the Northern Mariana Islands)

Statements of Revenues, Expenses and Changes in Net Position

	Year ended September 30,	
	2013	2012
Operating revenues:		
Net increase in the fair value of investments	\$ 1,634,139	\$ 4,673,071
Investment income, net	2,388,368	2,383,453
Interest income:		
Notes receivable	548,958	563,884
Other	980	1,698
	4,572,445	7,622,106
Recoveries through foreclosure of assets	505,571	---
Reversal of provision for doubtful accounts	9,084	8,677
Total operating revenues	5,087,100	7,630,783
Operating expenses:		
Money manager fees	185,995	172,549
Consultancy fees	121,381	121,668
Salaries and benefits	104,319	67,611
Contract service	72,000	68,500
Office supplies	59,069	53,876
Professional fees	57,975	63,908
Money management administration	48,735	90,531
Depreciation and amortization	41,087	25,589
Loan administration fee	40,441	45,020
Insurance	16,875	19,635
Audit	15,500	15,500
Rent and utilities	13,752	15,889
Trustees' expenses	13,157	20,045
Repair and maintenance	2,566	6,630
Impairment loss	---	16,000
Total operating expenses	792,852	802,951
Operating income	4,294,248	6,827,832
Other non-operating expenses:		
Transfer from DPL	---	1,000,000
Net distribution to the CNMI General Fund/American Memorial Park	(2,448,673)	(2,146,382)
Sundry	(555)	(17,514)
Total non-operating expenses	(2,449,228)	(1,163,896)
Increase in net position	1,845,020	5,663,936
Net position at beginning of year	74,709,662	69,045,726
Net position at end of year	\$ 76,554,682	\$ 74,709,662

See accompanying notes.

Marianas Public Land Trust
(A Component Unit of the Commonwealth of the Northern Mariana Islands)

Statements of Cash Flows

	Year ended September 30,	
	2013	2012
Cash flows from operating activities:		
Cash received from operations	\$ 2,973,813	\$ 438,010
Cash payments to suppliers	(769,555)	(455,172)
Net cash provided by (used in) operating activities	2,204,258	(17,162)
Cash flows from noncapital financing activities:		
Net operating transfer out	-	(43,000)
Cash received from DPL	-	1,000,000
Net cash provided by noncapital financing activities	-	957,000
Cash flows from capital and related financing activity:		
Acquisition of property and equipment	(16,120)	(197,695)
Cash used in capital and related financing activity	(16,120)	(197,695)
Cash flows from investing activities:		
Net decrease (increase) in notes receivable	49,628	(3,027,373)
Net (increase) decrease in restricted assets	(3,784,053)	3,124,962
Net cash (used in) provided by investing activities	(3,734,425)	97,589
Net (decrease) increase in cash and cash equivalents	(1,546,287)	839,732
Cash and cash equivalents at beginning of year	4,019,489	3,179,757
Cash and cash equivalents at end of year	\$ 2,473,202	\$ 4,019,489
Reconciliation of operating income to net cash provided by (used in) operating activities:		
Operating income	\$ 4,294,248	\$ 6,827,832
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:		
Net increase in fair value of investments	(1,634,139)	(4,673,071)
Noncash interest income	(374,665)	(348,928)
Depreciation and amortization	41,087	25,589
Recovery of notes receivable	(514,655)	-
Impairment loss	-	16,000
(Increase) decrease in assets:		
Receivable-accrued income	473,374	(111,141)
Other receivable	(4,190)	2,478
Due from brokers	946,949	(2,047,004)
Prepaid expense	(37,851)	12,832
Increase (decrease) in liabilities:		
Accounts payable	16,070	(4,352)
Due to CNMI Government	-	(1,968,159)
Due to brokers	(1,005,961)	2,249,939
Accrued expenses	3,991	823
Net cash provided by (used in) operating activities	\$ 2,204,258	\$ (17,162)

See accompanying notes.

Marianas Public Land Trust
(A Component Unit of the Commonwealth of the Northern Mariana Islands)

Statements of Cash Flows, continued

Supplemental schedule of noncash operating, financing and investing activities:

MPLT applied \$1,908,543 and \$1,894,921 of the required income distribution to the CNMI General Fund for the years ended September 30, 2013 and 2012, respectively, as a repayment of the CNMI's note receivable and related interest.

	Year ended Septmeber 30,	
	2013	2012
Decrease in notes receivable	\$(1,741,534)	\$ (1,614,154)
Increase in interest income	(167,009)	(280,767)
Increase in net contribution	1,908,543	1,894,921
	\$ ---	\$ ---

MPLT applied \$207,420 and \$208,461 of the required income distribution of the American Memorial Park Fund for the years ended September 30, 2013 and 2012, respectively, as a repayment of CDA's note receivable and related interest.

Decrease in notes receivable	\$(148,700)	\$ (140,300)
Increase in interest income	(58,720)	(68,161)
Increase in net contribution	207,420	208,461
	\$ ---	\$ ---

Marianas Public Land Trust
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Notes to Financial Statements

September 30, 2013 and 2012

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 administrative expenses.

MPLT's responsibility is to make reasonable, careful and prudent investments with respect to monies received from DPL. 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 Government. 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 Government.

MPLT is also 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 allocate 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.

Marianas Public Land Trust
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Notes to Financial Statements, continued

2. Summary of Significant Accounting Policies

The accounting policies of MPLT conform to accounting principles generally accepted in the United States, as applicable to governmental entities, specifically proprietary funds. Governmental Accounting Standard 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 Standard 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, except those that conflict with a GASB pronouncement.

Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures 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.

Net Position

Net position represents the residual interest in MPLT's assets after liabilities are deducted and consist of the following:

- Invested in capital assets: capital assets, net of accumulated depreciation.
- Restricted: net position 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 position restricted for principal and income.
- Unrestricted: net position that is 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 position at September 30, 2013 and 2012.

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 position. Proprietary fund operating statements present increases (e.g. revenues) and decreases (e.g. expenses) in net position. 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.

Marianas Public Land Trust
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Notes to Financial Statements, continued

2. Summary of Significant Accounting Policies, continued

Concentrations of Credit Risk

Financial instruments which potentially subject MPLT to concentrations of credit risk consist principally of cash and cash equivalents and investments.

At September 30, 2013 and 2012, 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

For purposes of the statements of net position and cash flows, cash and cash equivalents includes all cash in banks and money market sweep deposits with initial maturities of ninety days or less.

At September 30, 2013 and 2012, cash and cash equivalents consisted of the following:

	<u>2013</u>	<u>2012</u>
Custodian money market sweep deposits	\$2,228,508	\$3,887,957
Deposits with federally insured banks	240,652	128,485
Uninsured deposits	<u>4,042</u>	<u>3,047</u>
	<u>\$2,473,202</u>	<u>\$4,019,489</u>

As of September 30, 2013 and 2012, custodian money market sweep deposits are held and administered by an investment manager subject to Securities Investor Protection Corporation (SIPC) insurance up to \$250, 000 with coverage in excess of SIPC provided by a supplemental insurance policy through certain underwriters with a per client aggregate limit of \$1.9 million.

CNMI law does not require component unit funds to be collateralized and thus MPLT's funds are uncollateralized. Accordingly, the deposits are exposed to custodial credit risk.

Investments

Credit risk for investments is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

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

Marianas Public Land Trust
(A Component Unit of the Commonwealth of the Northern Mariana Islands)

Notes to Financial Statements, continued

2. Summary of Significant Accounting Policies, continued

Investments, continued

Concentration of credit risk for investments is the risk of loss attributed to the magnitude of an entity's investment in a single issuer. GASB Statement No. 40 requires disclosure by issuer and amount of investments in any one issuer that represents five percent (5%) or more of total investments for MPLT. As of September 30, 2013, MPLT's investment in U.S. agency obligations of the Freddie Mac Federal Home Loan Mortgage Corporation and Fannie Mae Federal National Mortgage Association constituted 5% and 7%, respectively, of its total investments. As of September 30, 2012, MPLT's investment in U.S. agency obligations of the Freddie Mac Federal Home Loan Mortgage Corporation and Fannie Mae Federal National Mortgage Association constituted 5% and 5%, respectively, of its total investments.

MPLT has selected a custodian for both funds who shall maintain custody of all cash, securities and other assets of MPLT and shall credit interest and dividends on said securities and credit principal paid on called or matured securities of MPLT. The custodian shall provide, on a timely basis, a monthly statement of all assets, to include an accounting of all activities during that month. The investment held and administered by the investment manager is subject to SIPC of up to \$500,000 (inclusive of the \$250,000 cash balance protection coverage) and supplemental insurance for amounts in excess of SIPC coverage through certain underwriters, subject to an aggregate firm-wide cap of \$1 billion with no per client sublimit.

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

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

- Must be Registered Investment Advisor with exclusive focus on providing objective investment management consulting at an institutional level, having the support of a staff and/or organization, focused and experienced in consulting only;
- The candidate should be objective, free of conflict of interest and free to secure services from leading third party providers that will best suit the interest of MPLT;
- Firms must demonstrate experience in the breadth and depth of its professional staff;
- Ability to provide unbiased fiduciary and financial advice to public trusts;
- Knowledge of legislative, operational and legal aspects of the local public trusts;

Marianas Public Land Trust
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Notes to Financial Statements, continued

2. Summary of Significant Accounting Policies, continued

Investments, continued

- Ownership or ready access to relevant and comprehensive performance databases with proven and verifiable process for the institutional client;
- Ability to provide quantitative analysis of manager and total fund performance. In particular, attribution analysis to maintain the interests of the management styles and strategic asset allocation;
- Ability to provide on-going training;
- Firms must be recognized as having substantial experience in the institutional level investment management consulting field. Firms offering consulting as incidental to their securities business may not be considered; and
- May not be an investment manager with discretion over MPLT assets.

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

- (i) The Trustees, with the assistance of the investment consultant, will select appropriate investment managers to manage MPLT assets. Investment managers must meet the following minimum criteria:
 1. Be a bank, insurance company, investment management company, or investment adviser as defined by the Registered Investment Advisers Act of 1940 or equivalent as might be determined appropriate by the Trustees;
 2. Provide historical quarterly performance numbers calculated on a time-weighted basis, based on a composite of all fully discretionary accounts of similar investment style, reported gross of fees;
 3. Provide performance evaluation reports prepared by an objective third party that illustrate the risk/return profile of the manager relative to other managers of comparable investment style;
 4. Provide detailed information on the history of the firm, key personnel, key clients, fee schedule, and support personnel;

Marianas Public Land Trust
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Notes to Financial Statements, continued

2. Summary of Significant Accounting Policies, continued

Investments, continued

5. Clearly articulate the investment strategy that will be followed and document that the strategy has been successfully adhered to over time; and
 6. Selected firms shall have no outstanding legal judgments or past judgments that may reflect negatively upon the firm.
- (ii) Every money manager selected to manage MPLT assets must adhere to the following guidelines:
1. The following securities and transactions are not authorized unless receiving prior Trustees' approval:
 - Letter stock and other unregistered securities, commodities or other commodity contracts, and short sales or margin transactions;
 - Securities lending, pledging or hypothecating securities; and
 - Investments in the equity securities of any company with a record of less than three years of continuous operation (including the operation of any predecessor) and investments for the purpose of exercising control of management are all restricted.
 2. Domestic Equities:
 - Equity holdings in any one company should not exceed more than 10% of the market value of MPLT's equity portfolio;
 - Investments in any one sector should not be excessive;
 - The manager may emphasize quality in security selection of the specific style hired to manage and may avoid risk of large loss through diversification within its mandated style;
 - The managers may 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; and
 - Holdings of individuals securities may be large enough (round lots) for easy liquidation.

Marianas Public Land Trust
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Notes to Financial Statements, continued

2. Summary of Significant Accounting Policies, continued

Investments, continued

3. Convertible Securities:

- Convertible bonds and convertible preferred stocks are permissible holdings, but the preponderance of holding (75% plus) should be in bonds;
- Holding may be U.S. companies and non-U.S. companies, but the preponderance (75% plus) should be in U.S. companies;
- Convertible holdings in any one company should not exceed more than 10% of market value of the Trust's convertible portfolio;
- Investments in any one sector should not be excessive;
- The manager may emphasize quality in security selection of the specific style hired to manage and may avoid risk of large loss through diversification within its mandated style;
- The managers may have 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; and
- Holdings of individual securities may be large enough (round lots) for easy liquidation.

4. Domestic Fixed Income:

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

Marianas Public Land Trust
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Notes to Financial Statements, continued

2. Summary of Significant Accounting Policies, continued

Investments, continued

5. Diversified Local Investments:

MPLT establishes within the Domestic Fixed Income Asset Class a class for Diversified Local Investments (DLI). DLIs are those investments which originate from within the CNMI without regard to each island. The touchstone of classification within DLI is that investment vehicles in this class may be unique or specially targeted towards the CNMI economy or market.

As to this asset class, MPLT allocates no more than thirty percent (30%) of its asset portfolio. Once this maximum ceiling allocation is reached, there shall be an absolute moratorium on consideration of any further investments in this asset class until the percentage of allocation falls below ten percent (10%).

DLI refers to investments that are structured or designed to encourage a diversification of investments by MPLT within the CNMI. With DLIs, MPLT seeks to structure or consider investment vehicles which provide minimal rates of market return with attending corollary benefits. Such corollary benefits may include, but are not limited to, economic development, government stabilization or stimulus programs, affordable housing programs, and scholarships. In the DLI class, the MPLT Trustees may allow for a prudent rate of return where the corollary benefits provide an attending quantifiable return to the CNMI community, particularly to persons of Northern Marianas Descent or benefit persons of Northern Marianas Descent.

To be clear, MPLT does not warrant nor guarantee that it may favor investments in DLIs over more competitive investment vehicles, but only that MPLT may weigh the attending corollary benefits in determining whether to make such an investment. Expressed more emphatically, MPLT considers DLIs to be a rarely considered exception and every DLI proposal must be compelling as to its mission and purpose and beneficial in its scope and impact to the people of the CNMI. At all times full fiduciary prudence analysis and proper due diligence is required in both program development and shall be conducted on an investment-by-investment basis.

Marianas Public Land Trust
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Notes to Financial Statements, continued

2. Summary of Significant Accounting Policies, continued

Investments, continued

5. Diversified Local Investments, continued:

The MPLT Trustees recognize the importance of establishing a competitive risk-adjusted rate of return policy as part of consideration of a DLI. Every DLI proposal under consideration shall, as part of the investment analysis, identify the source of repayment of a fixed-income security such as a mortgage, surety bond, promissory note, or other security as primary consideration. Evaluating the credit-rating or the risk of the DLI or its proposer is also necessary. MPLT also anticipates that such DLI's may not be marketable so that an "illiquidity premium" should be recognized or considered and added to the risk-adjusted rate. MPLT may require that the risk-adjusted rate may be a floating rate to the appropriate pricing index and adjusted on a quarterly or semi-annual basis. MPLT may also impose a loan origination fee and assess charges for costs of administration at no less than 2% per annum, legal fees, travel/accommodations, and other necessary fees.

The following constitute the basic standards of review for investments by MPLT in DLI's which remain subject to the prudent investment standard and discretion of the MPLT Trustees:

- An opinion of legal counsel in standards of fiduciary care considering the prospective DLI and its terms under the applicable prudent investor standard;
- A thorough review and analysis by MPLT's financial consultant and/or investment manager as to the prospective DLI. The analysis shall examine all economic factors and address any potential or actual conflicts of interest for MPLT or its Trustees. The analysis shall also give primary attention to risk-adjusted market rates of return with particular attention as to whether the DLI involves a significantly greater than prudent financial risk of loss;
- Documentation of a complete submission of a proposed DLI meeting the requirements of a detailed business plan (if applicable);
- Every DLI shall be considered with respect to fiduciary prudence and without regard to political, social, or emotional factors with particular attention to the founding provisions guiding MPLT's creation: to remit interest income on investments to the General Fund;

Marianas Public Land Trust
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Notes to Financial Statements, continued

2. Summary of Significant Accounting Policies, continued

Investments, continued

5. Diversified Local Investments, continued:

- Trustees shall formulate and articulate the specific and detailed investment guidelines for investments under any prospective DLI for which MPLT may wish to solicit. Such guidelines shall include the mechanics of the administration of the DLI, the findings as to the social or economic corollary benefits to the CNMI as a whole, and the consistency or adherence with MPLT's mission;
- Each specific DLI may be evaluated against investments of a similar asset class; and
- MPLT may require additional conditions or impose additional terms for any DLI under consideration as part of its fiduciary analysis and no DLI may be approved until and unless it meets all the requirements imposed by MPLT.

6. International (Developed and Emerging Markets) Equities:

- Equity holding in any one company may not exceed more than 10% of the International Equity Portfolio;
- Investments in any one industry category should not be excessive;
- Allocations to any specific country may not be excessive relative to a broadly diversified international equity manager peer group. It is expected that the non-U.S. equity portfolio will have no more than 40% of its mandated style in any one country; and
- 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 may be no direct foreign currency speculation or any related investment activity.

Marianas Public Land Trust
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Notes to Financial Statements, continued

2. Summary of Significant Accounting Policies, continued

Investments, continued

7. International (Developed and Emerging Markets) Fixed Income:

- Investments in a registered mutual fund may not be held to the same restrictions as set forth below for the respective asset classes. The Trustees instead will evaluate the risk and return merits of each mutual fund employing research as provided by third party service providers such as Consultant or Morningstar;
- Allocations to any specific country may not be excessive relative to a broadly diversified international fixed income manager peer group. It is expected that the non-U.S. fixed income portfolio will have no more than 40% of its mandated style in any one country; and
- 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 may be no direct foreign currency speculation or any related investment activity.

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

Marianas Public Land Trust
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Notes to Financial Statements, continued

2. Summary of Significant Accounting Policies, continued

Investments, continued

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

	<u>Lower Limit</u>	<u>General Fund</u>		<u>Lower Limit</u>	<u>Park Fund</u>	
		<u>Strategic Allocation</u>	<u>Upper Limit</u>		<u>Strategic Allocation</u>	<u>Upper Limit</u>
Domestic Equities:						
<i>Large Cap Core</i>	0%	10%	20%	0%	20%	30%
International Equities:						
<i>Emerging Markets</i>	0%	5%	15%	0%	5%	10%
Convertible Securities	0%	10%	20%	0%	10%	20%
Domestic Fixed Income:						
<i>Core</i>	20%	30%	55%	30%	40%	50%
<i>High Yeild</i>	0%	5%	10%	0%	10%	20%
<i>DLI</i>	0%	30%	10%	0%	5%	10%
Non U.S. Fixed Income:						
<i>International Bonds</i>	0%	10%	20%	0%	10%	20%

Rebalancing of Strategic Allocation

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

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

If the Trustees believe cash flows to be insufficient in bringing MPLT within the strategic allocation ranges, the Trustees may decide whether to effect transactions so that MPLT would fall within the allocated threshold ranges.

Marianas Public Land Trust
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Notes to Financial Statements, continued

2. Summary of Significant Accounting Policies, continued

Investments, continued

Frequency

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

1. Cash Flow Requirements
2. Significant Market Action

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

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

Liquidity

The Board Consultant shall prepare anticipated expenditure requirements for each disbursement period and communicate these disbursement requirements to all affected managers with as much advance notice as possible. It is anticipated that MPLT's fixed income manager will be the initial and main conduit for contributions and disbursements. It is further anticipated that most of all such disbursements will be made from "income" generated from each account.

Marianas Public Land Trust
(A Component Unit of the Commonwealth of the Northern Mariana Islands)

Notes to Financial Statements, continued

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, 2013 and 2012 (with combining information as of September 30, 2013) are as follows:

	<u>General Fund</u>	<u>Park Fund</u>	<u>2013</u>	<u>2012</u>
Mutual Funds	\$ 8,485,863	\$ 802,750	\$ 9,288,613	\$ 8,993,712
Equities:				
Domestic Preferred stock	1,356,420	190,889	1,547,309	1,765,104
Domestic Common stock	8,055,632	2,104,886	10,160,518	8,245,943
International common stock	3,596,701	408,671	4,005,372	4,069,758
Exchange traded and closed end fund	---	---	---	89,820
Fixed income securities:				
Asset and mortgage backed securities	10,653,165	948,266	11,601,431	6,491,458
Government bonds	2,631,789	211,372	2,843,161	463,788
Municiple bonds	---	---	---	143,173
Corporate bonds	<u>23,034,847</u>	<u>2,715,935</u>	<u>25,750,782</u>	<u>29,516,238</u>
	<u>\$ 57,814,417</u>	<u>\$ 7,382,769</u>	<u>\$ 65,197,186</u>	<u>\$ 59,778,994</u>

Marianas Public Land Trust
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Notes to Financial Statements, continued

2. Summary of Significant Accounting Policies, continued

Investments, continued

GASB Statement No. 40 requires entities to provide information about the credit risk associated with their investments by disclosing the credit quality ratings. The following is a listing of MPLT's fixed income securities at September 30, 2013 and 2012:

Investment Type	2013					Credit Rating
	Investment Maturities (In Years)					
	Fair Value	Less Than 1	1-5	6-10	More Than 10	
Asset and mortgage backed securities	\$ 489,712	\$ -	\$ -	\$ 489,712	\$ -	AAA
Asset and mortgage backed securities	6,996,580	-	2,739,963	1,245,563	3,011,054	AA+*
Asset and mortgage backed securities	4,072,130	-	4,072,130	-	-	AA+
Asset and mortgage backed securities	43,009	-	-	-	43,009	NA
Government bonds	2,843,161	-	-	-	2,843,161	AA+*
Municipal bonds	1,351,928	-	-	1,351,928	-	AA+
Corporate bonds	241,800	-	-	241,800	-	A+
Corporate bonds	2,981,437	191,775	164,081	2,625,581	-	A
Corporate bonds	8,543,569	389,812	-	7,892,414	261,343	A-
Corporate bonds	1,598,687	60,524	168,740	1,369,423	-	BBB+
Corporate bonds	464,321	131,644	262,950	69,727	-	BBB
Corporate bonds	1,361,136	136,462	689,992	411,198	123,484	BBB-
Corporate bonds	976,280	129,859	430,208	272,489	143,724	BB+
Corporate bonds	1,284,469	-	275,497	788,036	220,936	BB
Corporate bonds	1,690,130	-	849,481	612,961	227,688	BB-
Corporate bonds	1,629,503	-	492,478	723,241	413,784	B+
Corporate bonds	1,307,560	156,960	271,821	818,479	60,300	B
Corporate bonds	405,990	-	63,945	342,045	-	B-
Corporate bonds	260,824	-	68,829	191,995	-	CCC+
Corporate bonds	1,437,598	-	813,044	383,876	240,678	NA
Corporate bonds	215,550	-	215,550	-	-	NR
	<u>\$ 40,195,374</u>	<u>\$ 1,197,036</u>	<u>\$ 11,578,709</u>	<u>\$ 19,830,468</u>	<u>\$ 7,589,161</u>	

Marianas Public Land Trust
(A Component Unit of the Commonwealth of the Northern Mariana Islands)

Notes to Financial Statements, continued

2. Summary of Significant Accounting Policies, continued

Investments, continued

Investment Type	2012					Credit Rating
	Investment Maturities (In Years)					
	Fair Value	Less Than 1	1-5	6-10	More Than 10	
Asset and mortgage backed securities	\$ 924,505	\$ -	\$ 49,943	\$ -	\$ 874,562	AAA
Asset and mortgage backed securities	80,274	-	-	-	80,274	Aaa
Asset and mortgage backed securities	5,458,544	-	5,771	202,049	5,250,724	AA+
Asset and mortgage backed securities	28,135	-	-	-	28,135	NA
Government bonds	463,788	-	-	-	463,788	AA+
Municipal bonds	143,173	-	-	-	143,173	A+
Corporate bonds	1,777,546	350,776	-	1,311,486	115,284	AA+
Corporate bonds	6,917	-	-	-	6,917	AA-
Corporate bonds	4,706,224	300,259	2,412,596	1,370,438	622,931	A
Corporate bonds	1,164,340	-	200,193	764,976	199,171	A+
Corporate bonds	9,918,504	350,669	648,680	8,429,633	489,522	A-
Corporate bonds	774,720	-	450,723	211,136	112,861	BBB
Corporate bonds	1,955,764	120,007	1,181,309	125,059	529,389	BBB+
Corporate bonds	1,237,529	17,241	619,292	429,884	171,112	BBB-
Corporate bonds	1,303,742	-	419,135	600,128	284,479	BB
Corporate bonds	1,148,781	-	536,355	493,170	119,256	BB+
Corporate bonds	1,705,754	-	1,040,975	532,241	132,538	BB-
Corporate bonds	901,370	-	62,350	697,098	141,922	B
Corporate bonds	1,285,247	-	134,354	764,916	385,977	B+
Corporate bonds	647,133	-	364,527	282,606	-	B-
Corporate bonds	29,751	-	3,188	26,563	-	CCC
Corporate bonds	148,034	-	91,625	56,409	-	CCC+
Corporate bonds	679,796	-	460,207	127,890	91,699	NA
Corporate bonds	125,086	-	108,408	-	16,678	NR
	<u>\$ 36,614,657</u>	<u>\$ 1,138,952</u>	<u>\$ 8,789,631</u>	<u>\$ 16,425,682</u>	<u>\$ 10,260,392</u>	

Marianas Public Land Trust
(A Component Unit of the Commonwealth of the Northern Mariana Islands)

Notes to Financial Statements, continued

2. Summary of Significant Accounting Policies, continued

Notes Receivable and Allowance for Loan Losses

Notes receivable are stated at the amount of unpaid principal, reduced by an allowance for loan losses. The allowance for loan losses is established through a provision for doubtful accounts charged to principal fund. Loans are charged against the allowance for loan losses when management believes that the collection of the principal is unlikely. The allowance is an amount that management believes will be adequate to absorb possible losses on existing loans that may be uncollectible, based on evaluations of the collectability of loans and prior loan loss experience. The evaluations take into consideration such factors as changes in the nature and volume of the loan portfolio, overall portfolio quality, review of specific problem loans and current economic conditions that may affect the borrowers' ability to pay. Write-offs against the allowance are based on the specific identification method.

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

Interest income on notes receivable is accrued based on the unpaid principal balance.

Foreclosed and Repossessed Assets

Foreclosed and repossessed assets are stated at lower of cost or fair value. Subsequent to foreclosure, valuations are periodically performed and the assets are carried at the lower of carrying amount or fair value less cost to sell.

Capital Assets

Capital assets are stated at cost. Depreciation is provided over the estimated useful lives of the assets through the use of the straight-line method and is charged to operations. Current policy is to capitalize items in excess of \$250.

Marianas Public Land Trust
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Notes to Financial Statements, continued

2. Summary of Significant Accounting Policies, continued

Defined Contribution Plan (DC Plan)

On June 16, 2006, Public Law No. 15-13 was enacted which created the DC Plan, a multi-employer pension plan and is the single retirement program for all employees whose first time CNMI government employment commences on or after January 1, 2007. Each member of the DC Plan is required to contribute to the member's individual account an amount equal to 10% of member's compensation. MPLT is required to contribute to each member's individual account an amount equal to 4% of the member's compensation. MPLT's recorded DC contributions for the years ended September 30, 2013, 2012 and 2011 were \$3,631, \$2,424 and \$2,198, respectively, equal to the required contributions for each year.

Members of the DC Plan, who have completed five years of government service, have a vested balance of 100% of both member and employer contributions plus any earnings thereon.

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

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

Marianas Public Land Trust
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Notes to Financial Statements, continued

2. Summary of Significant Accounting Policies, continued

Operating and Non-Operating Revenue and Expenses

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

Non-operating revenues and expenses result from capital and non-capital financing activities.

Recently Adopted Accounting Pronouncements

During the year ended September 30, 2013, MPLT implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position*. This Statement provides financial reporting guidance for deferred outflows of resources and deferred inflow of resources. Deferred outflows is defined as the consumption of net assets by the government that is applicable to a future reporting period and deferred inflows is defined as the acquisition of net assets by the government that is applicable to a future reporting period. GASB Statement No. 63 also amends the net asset reporting requirement by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. The provisions of this Statement are effective for financial statements for the periods beginning after December 15, 2011. The Corporation's adoption of GASB Statement No. 63 in 2013 resulted in a change in the presentation of the balance sheets to what is now referred to as the statements of net position and the term "net assets" was changed to "net position" throughout the financial statements.

Upcoming Accounting Pronouncements

In March 2012, GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*, effective for periods beginning after December 15, 2012. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

Marianas Public Land Trust
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Notes to Financial Statements, continued

2. Summary of Significant Accounting Policies, continued

Upcoming Accounting Pronouncements, continued

In March 2012, GASB issued Statement No. 66, *Technical Corrections – 2012, an amendment of GASB Statements No. 10 and No. 62*, effective for periods beginning after December 15, 2012. This Statement amends Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, by removing the provision that limits fund-based reporting of an entity's risk financing activities to the general fund and the internal service fund type. This Statement also amends Statement 62 by modifying the specific guidance on accounting for (1) operating lease payments that vary from a straightline basis, (2) the difference between the initial investment (purchase price) and the principal amount of a purchased loan or group of loans, and (3) servicing fees related to mortgage loans that are sold when the stated service fee rate differs significantly from a current (normal) servicing fee rate.

In June 2012, GASB issued Statement No. 67, *Financial Reporting for Pension Plans, an amendment of GASB Statement No. 25*, effective for periods beginning after June 15, 2013. This Statement establishes financial reporting standards for state and local governmental pension plans, defined benefit pension plans and defined contribution pension plans, that are administered through trusts or equivalent arrangements that meet certain criteria.

In June 2012, GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions, an amendment of GASB Statement No. 27*, effective for periods beginning after June 15, 2014. This Statement establishes accounting and financial reporting requirements related to pensions for governments whose employees are provided with pensions through pension plans that are covered by the scope of this Statement, as well as for nonemployer governments that have a legal obligation to contribute to those plans.

In January 2013, GASB issued Statement No. 69, *Government Combinations and Disposals of Government Operations*, effective for periods beginning after December 15, 2013. This Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. As used in this Statement, the term *government combinations* includes a variety of transactions referred to as mergers, acquisitions, and transfers of operations.

Marianas Public Land Trust
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Notes to Financial Statements, continued

2. Summary of Significant Accounting Policies, continued

Upcoming Accounting Pronouncements, continued

In April 2013, GASB issued Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. The objective of this Statement is to improve accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees. The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2013. Earlier application is encouraged.

In November 2013, GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to Measurement Date, an amendment of GASB Statement No. 68*. The provisions of this Statement should be applied simultaneously with the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. The objective of this Statement is to improve accounting and financial reporting by addressing an issue in Statement No. 68 concerning transition provisions related to certain pension contributions made to defined benefit pension plans prior to implementation of that Statement by employers and non-employer contributing entities.

MPLT is currently evaluating the effects the above upcoming accounting pronouncements may have on its financial statements.

3. Notes Receivable

At September 30, 2013 and 2012, notes receivable consist of the following:

	<u>2013</u>	<u>2012</u>
Notes receivable (Home Loan Program) from various individuals obtained through a settlement agreement with the Northern Marianas Housing Corporation (NMHC) dated December 31, 2007, with interest at 2% (5.5% to 8.5% prior to January 1, 2009) and terms from ten to thirty years	\$ 8,087,313	\$ 8,357,629
Note receivable from Adelantun Publickun Luta Enteramente, Incorporated (APLE 501, Inc.), with interest at 5% per annum, due on October 18, 2017, with monthly principal and interest payments in the amount of \$1,225, and collateralized by a loan portfolio. Proceeds were used to fund an independently administered individual or parent-student loan program. MPLT has ceased future loan commitments and disbursements to APLE 501, Inc.	111,555	120,639

Marianas Public Land Trust
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Notes to Financial Statements, continued

3. Notes Receivable, continued

	<u>2013</u>	<u>2012</u>
Note receivable from the Commonwealth Development Authority (CDA), with 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	831,943	980,642
Note receivable from the CNMI Government, with interest at 7% per annum. Public Law 17-7 earmarks and appropriates from future interest income distribution of fiscal years 2009 to 2013 and additional future fiscal years until the note is fully reimbursed. Interest is due annually	644,312	2,385,846
Note receivable from the Commonwealth Healthcare Corporation (CHCC), with interest at 7% per annum, collateralized by future distributable income of fiscal year 2014 and CHCC's real properties for CHCC's operational and bridge capital pursuant to CNMI Public Law 17-76. The note was fully paid in April 2014	3,000,020	3,000,033
Note receivable from the Commonwealth Healthcare Corporation (CHCC), with interest at 7% per annum, due on September 12, 2013, collateralized by future distributable income of fiscal year 2014 and CHCC's real properties for CHCC Health Information Technology/Electronic Health Records Project pursuant to CNMI Public Law 17-76	<u>---</u>	<u>328,655</u>
	12,675,143	15,173,444
Less allowance for loan losses	<u>4,941,555</u>	<u>4,950,639</u>
	7,733,588	10,222,805
Less current portion	<u>4,203,844</u>	<u>3,760,941</u>
	<u>\$ 3,529,744</u>	<u>\$ 6,461,864</u>

Marianas Public Land Trust
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Notes to Financial Statements, continued

3. Notes Receivable, continued

An analysis of the change in the allowance for loan losses for the years ended September 30, 2013 and 2012 follows:

	<u>2013</u>	<u>2012</u>
Balance at beginning of the year	\$ 4,950,639	\$ 4,959,316
Reversal of provision for doubtful accounts	(9,084)	(8,677)
Balance at end of the year	<u>\$ 4,941,555</u>	<u>\$ 4,950,639</u>

The following presents the balance in the allowance for loan losses disaggregated on the basis of MPLT's impairment measurement method and the related recorded investments in loan as of September 30, 2013 and 2012:

	<u>2013</u>	<u>2012</u>
<u>Related Investment</u>		
Individually evaluated for impairment	\$ 4,587,830	\$ 6,815,815
Collectively evaluated for impairment	<u>8,087,313</u>	<u>8,357,629</u>
	<u>\$12,675,143</u>	<u>\$ 15,173,444</u>
<u>Related Allowance</u>		
Individually evaluated for impairment	\$(111,555)	\$(120,639)
Collectively evaluated for impairment	<u>(4,830,000)</u>	<u>(4,830,000)</u>
	<u>\$(4,941,555)</u>	<u>\$(4,950,639)</u>

Credit Quality Indicators

MPLT uses several credit quality indicators to manage credit risk in an on-going manner. MPLT's primary credit quality indicators are based on the results of aging analysis. A monthly general provision is calculated based on the portfolio aging (current, 1-30 days, 31-60 days, 61-90 days, 91-120 days and 121+days). A specific reserve is provided for the net realizable value of the loans identified as uncollectable.

	<u>2013</u>
Current	\$ 7,225,628
1 - 30 days	526,500
31 - 60 days	177,476
61 - 90 days	84,836
91 - 120 days	62,383
More than 120 days	<u>4,598,320</u>
	<u>\$12,675,143</u>

Marianas Public Land Trust
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Notes to Financial Statements, continued

3. Notes Receivable, continued

Modifications

A modification of a loan constitutes a Troubled Debt Restructuring (TDR) when MPLT for economic or legal reasons related to a borrower's financial difficulties grants a concession to the borrower that it would not otherwise consider. MPLT offers various types of concessions when modifying a loan. Loans modified in a TDR involve reduction in regular monthly principal and interest payments and maturity term extensions to accommodate borrower's financial needs for a period of time. As of September 30, 2013 loans that had been modified in a TDR totaled \$309,540 which was all modified during the year ended September 30, 2013.

There were no commitments to lend additional funds on loans modified in a TDR as of September 30, 2012.

4. Capital Assets

A summary of capital assets as of September 30, 2013 and 2012 is as follows:

	Useful Lives	Balance at October 1, 2012	Additions	Deletions	Impairment	Balance at September 30, 2013
Land	---	\$ 116,000	\$ ---	\$ ---	\$ ---	\$ 116,000
Building	5-10 years	186,328	7,715	(876)	---	193,167
Furniture, fixtures and equipment	3-10 years	109,648	8,405	---	---	118,053
Vehicle	3-10 years	<u>46,225</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>46,225</u>
		458,201	16,120	(876)	---	473,445
Less accumulated depreciation		<u>(109,865)</u>	<u>(41,087)</u>	<u>321</u>	<u>---</u>	<u>(150,631)</u>
		<u>\$ 348,336</u>	<u>\$ (24,967)</u>	<u>\$ (555)</u>	<u>\$ ---</u>	<u>\$ 322,814</u>

Marianas Public Land Trust
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Notes to Financial Statements, continued

4. Capital Assets, continued

	<u>Useful Lives</u>	Balance at October 1, 2011	<u>Additions</u>	<u>Deletions</u>	<u>Impairment</u>	Balance at September 30, 2012
Land	---	\$ 132,000	\$ ---	\$ ---	\$(16,000)	\$ 116,000
Building	5-10 years	---	186,328	---	---	186,328
Leasehold, fixtures and equipment	10 years	35,273	(5,015)	(30,258)	---	---
Furniture, fixtures and equipment	3-10 years	93,266	16,382	---	---	109,648
Vehicle	3-10 years	46,225	---	---	---	46,225
		306,764	197,695	(30,258)	(16,000)	458,201
Less accumulated depreciation		(97,020)	(25,589)	12,744	---	(109,865)
		<u>\$ 209,744</u>	<u>\$ 172,106</u>	<u>\$(17,514)</u>	<u>\$(16,000)</u>	<u>\$ 348,336</u>

During the year ended September 30, 2012, MPLT recognized an impairment loss of \$16,000, to reduce the carrying amount of land to fair value in accordance with GASB Statement No.42, *Accounting and financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*, as potential construction on the land is currently not being considered.

5. Net Position

In accordance with MPLT's accounting policies, gains and losses on investments are allocated to principal. In addition, 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, 2013 and 2012 is summarized as follows:

	<u>Principal</u>	<u>Interest</u>	<u>2013</u>	<u>2012</u>
General Fund				
Balance at beginning of year	\$ 66,279,766	\$ ---	\$ 66,279,766	\$ 61,085,941
Net increase in the fair value of investments	1,236,201	---	1,236,201	3,991,404
Other operating net income	514,655	1,908,543	2,423,198	3,097,342
Transfer	---	(1,908,543)	(1,908,543)	(1,894,921)
Balance at end of year	<u>\$ 68,030,622</u>	<u>\$ ---</u>	<u>\$ 68,030,622</u>	<u>\$ 66,279,766</u>
Park Fund				
Balance at beginning of year	\$ 8,429,896	\$ ---	\$ 8,429,896	\$ 7,750,041
Net increase in the fair value of investments	397,938	---	397,938	681,667
Other operating net income	---	236,356	236,356	249,649
Transfer	---	(540,130)	(540,130)	(251,461)
Balance at end of year	<u>\$ 8,827,834</u>	<u>\$(303,774)</u>	<u>\$ 8,524,060</u>	<u>\$ 8,429,896</u>

Marianas Public Land Trust
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Notes to Financial Statements, continued

6. Contributions To/From CNMI Government

In accordance with Article XI of the Constitution of the CNMI, MPLT makes operating transfers out to the CNMI general fund from investment income. During the years ended September 30, 2013 and 2012, MPLT recorded \$1,908,543 and \$1,894,921, respectively, of transfers out to the CNMI general fund, of which \$1,741,534 and \$1,614,154, respectively, was offset against a note receivable from the CNMI Government and \$167,009 and \$280,767 was used as offset against interest income receivable from the CNMI general fund. In addition, in accordance with Section 5 of Article XI, the CNMI Department of Public Lands transferred \$1,000,000 to MPLT during the year ended September 30, 2012.

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, 2013 and 2012, MPLT recorded \$540,130 and \$251,461, respectively, for transfers out for this purpose.

7. Risk Management

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

8 Related Parties

One trustee of MPLT has a home loan outstanding of \$60,263 and \$63,431 as of September 30, 2013 and 2012, respectively, and the legal counsel of MPLT has a home loan outstanding of \$55,137 and \$60,909 as of September 30, 2013 and 2012, respectively. The home loans were obtained from NMHC during the ordinary course of business and are classified as notes receivable in the accompanying financial statements. All of these loans predate the assumption of the portfolio by MPLT from NMHC.

As of September 30, 2013 and 2012, MPLT has receivables from its trustees and employees totaling \$10,763 and \$6,573, respectively, for cash and travel advances.

9. Commitment

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

Marianas Public Land Trust
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Notes to Financial Statements, continued

10. Contingency

In accordance with the Settlement Agreement with NMHC, MPLT guarantees Service Released Loans that were issued by financial institutions. At September 30, 2013 and 2012, MPLT was contingently liable to these institutions for \$930,509 and \$976,178, respectively. MPLT records liabilities upon receipt of default notices from NMHC.

Supplementary Information

Marianas Public Land Trust
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Combining Statement of Net Position

September 30, 2013

	General Fund	Park Fund	Eliminations	Total
Assets				
Current assets:				
Cash and cash equivalents	\$ 2,188,688	\$ 284,514	\$ -	\$ 2,473,202
Receivables:				
Notes receivable, current portion	4,203,844	-	-	4,203,844
Accrued income	395,810	43,602	-	439,412
Others	10,763	-	-	10,763
Due from other funds	10,325	-	(10,325)	-
Due from brokers	1,060,474	125,500	-	1,185,974
Prepaid expense	40,242	-	-	40,242
Total current assets	7,910,146	453,616	(10,325)	8,353,437
Noncurrent assets:				
Notes receivable, net of current portion and allowance for loan losses	2,697,801	831,943	-	3,529,744
Investments	57,814,417	7,382,769	-	65,197,186
Foreclosed properties	505,571	-	-	505,571
Capital assets, net	322,814	-	-	322,814
Total noncurrent assets	61,340,603	8,214,712	-	69,555,315
Total assets	\$ 69,250,749	\$ 8,668,328	\$(10,325)	\$ 77,908,752
Liabilities and Net Position				
Current liabilities:				
Accounts payable	\$ 48,318	\$ 1,455	\$ -	\$ 49,773
Due to other funds	-	10,325	(10,325)	-
Due to brokers	1,163,826	132,489	-	1,296,315
Accrued expenses	7,982	-	-	7,982
Total liabilities	1,220,126	144,269	(10,325)	1,354,070
Net Position				
Invested in capital assets	322,814	-	-	322,814
Restricted	67,707,809	8,524,059	-	76,231,868
Total net position	68,030,623	8,524,059	-	76,554,682
Total liabilities and net position	\$ 69,250,749	\$ 8,668,328	\$(10,325)	\$ 77,908,752

Marianas Public Land Trust
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Combining Statement of Revenues, Expenses and Changes in Net Position

Year Ended September 30, 2013

	<u>General Fund</u>	<u>Park Fund</u>	<u>Eliminations</u>	<u>Total</u>
Operating revenues:				
Net increase in the fair value of investments	\$ 1,236,201	\$ 397,938	\$ -	\$ 1,634,139
Investment income, net	2,134,596	253,772	-	2,388,368
Interest income:				
Notes receivable	490,238	58,720	-	548,958
Other	980	-	-	980
	<u>3,862,015</u>	<u>710,430</u>	<u>-</u>	<u>4,572,445</u>
Recoveries through foreclosure of assets	505,571	-	-	505,571
Reversal of provision for doubtful accounts	9,084	-	-	9,084
	<u>4,376,670</u>	<u>710,430</u>	<u>-</u>	<u>5,087,100</u>
Operating expenses:				
Money manager fees	162,984	23,011	-	185,995
Consultancy fees	106,871	14,510	-	121,381
Salaries and benefits	92,531	11,788	-	104,319
Contract services	63,864	8,136	-	72,000
Office supplies	52,452	6,617	-	59,069
Professional fees	57,975	-	-	57,975
Money management administration	43,238	5,497	-	48,735
Depreciation and amortization	41,087	-	-	41,087
Loan administration fee	40,441	-	-	40,441
Insurance	14,968	1,907	-	16,875
Audit	13,748	1,752	-	15,500
Rent and utilities	12,312	1,440	-	13,752
Trustees' expenses	11,678	1,479	-	13,157
Repairs and maintenance	2,566	-	-	2,566
	<u>716,715</u>	<u>76,137</u>	<u>-</u>	<u>792,852</u>
Operating income	<u>3,659,955</u>	<u>634,293</u>	<u>-</u>	<u>4,294,248</u>
Other non-operating expenses:				
Net distribution to the CNMI General Fund/American Memorial Park	(1,908,543)	(540,130)	-	(2,448,673)
Sundry	(555)	(-)	-	(555)
	<u>(1,909,098)</u>	<u>(540,130)</u>	<u>-</u>	<u>(2,449,228)</u>
Increase in net position	1,750,857	94,163	-	1,845,020
Net position at beginning of year	<u>66,279,766</u>	<u>8,429,896</u>	<u>-</u>	<u>74,709,662</u>
Net position at end of year	<u>\$ 68,030,623</u>	<u>\$ 8,524,059</u>	<u>\$ -</u>	<u>\$ 76,554,682</u>

See accompanying Report of Independent Auditors.

Marianas Public Land Trust
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Combining Statement of Cash Flows

Year Ended September 30, 2013

	<u>General Fund</u>	<u>Park Fund</u>	<u>Eliminations</u>	<u>Total</u>
Cash flows from operating activities:				
Cash received from operations	\$ 2,452,608	\$ 521,205	\$ -	\$ 2,973,813
Cash payments to suppliers	(<u>692,356</u>)	(<u>77,199</u>)	-	(<u>769,555</u>)
Net cash provided by operating activities	<u>1,760,252</u>	<u>444,006</u>	-	<u>2,204,258</u>
Cash flows from capital and related financing activity:				
Acquisition of property and equipment	(<u>16,120</u>)	(-)	-	(<u>16,120</u>)
Cash used in capital and related financing activity	(<u>16,120</u>)	(-)	-	(<u>16,120</u>)
Cash flows from investing activities:				
Net decrease (increase) in notes receivable	441,058	(<u>391,430</u>)	-	49,628
Net (increase) decrease in restricted assets	(<u>3,841,351</u>)	<u>57,298</u>	-	(<u>3,784,053</u>)
Net cash used in investing activities	(<u>3,400,293</u>)	(<u>334,132</u>)	-	(<u>3,734,425</u>)
Net (decrease) increase in cash and cash equivalents	(<u>1,656,161</u>)	109,874	-	(<u>1,546,287</u>)
Cash and cash equivalents at beginning of year	<u>3,844,849</u>	<u>174,640</u>	-	<u>4,019,489</u>
Cash and cash equivalents at end of year	<u>\$ 2,188,688</u>	<u>\$ 284,514</u>	<u>\$ -</u>	<u>\$ 2,473,202</u>

See accompanying Report of Independent Auditors.

Marianas Public Land Trust
(A Component Unit of the Commonwealth of the Northern Mariana Islands)

Combining Statement of Cash Flows, continued

Year Ended September 30, 2013

	General Fund	Park Fund	Eliminations	Total
Reconciliation of operating income to net cash provided by operating activities:				
Operating income	\$ 3,659,955	\$ 634,293	\$ -	\$ 4,294,248
Adjustment to reconcile operating income to net cash provided by operating activities:				
Net increase in fair value of investments	(1,236,201)	(397,938)	-	(1,634,139)
Noncash interest income	(315,945)	(58,720)	-	(374,665)
Depreciation	41,087	-	-	41,087
Recovery of notes receivable	(514,655)	-	-	(514,655)
(Increase) decrease in assets:				
Receivable - accrued income	402,140	71,234	-	473,374
Other receivable	(4,190)	-	-	(4,190)
Due from othe funds	1,673	-	(1,673)	-
Due from brokers	678,597	268,352	-	946,949
Prepaid expense	(37,851)	-	-	(37,851)
Increase (decrease) in liabilities:				
Accounts payable	17,132	(1,062)	-	16,070
Due to other funds	-	(1,673)	1,673	-
Due to brokers	(935,481)	(70,480)	-	(1,005,961)
Accrued expenses	3,991	-	-	3,991
	\$ 1,760,252	\$ 444,006	\$ -	\$ 2,204,258

Supplemental schedule of noncash operating, financing and investing activities:

MPLT applied \$1,908,543 of the required income distribution to the CNMI General Fund for the year ended September 30, 2013 as a repayment of the CNMI's note receivable and related interest.

Decrease in notes receivable	\$(1,741,534)	\$ -	\$ -	\$(1,741,534)
Increase in interest income	(167,009)	-	-	(167,009)
Increase in net contribution	1,908,543	-	-	1,908,543
	\$ -	\$ -	\$ -	\$ -

MPLT applied \$207,420 of the required income distribution of the American Memorial Park Fund for the year ended September 30, 2013 as a repayment of CDA's note receivable and related interest

Decrease in notes receivable	\$ -	\$(148,700)	\$ -	\$(148,700)
Increase in interest income	-	(58,720)	-	(58,720)
Increase in net contribution	-	207,420	-	207,420
	\$ -	\$ -	\$ -	\$ -

Marianas Public Land Trust
(A Component Unit of the Commonwealth of the Northern Mariana Islands)

Schedule of Investments - General Fund

September 30, 2013

	Cost	Fair Value
Mutual Funds		
Templeton Global Bond Fd-Ad	\$ 8,806,287	\$ 8,485,862
Total Mutual Funds	8,806,287	8,485,862
Equities		
Domestic Preferred Stock		
AMG Capital Trust I	161,264	200,466
Bank of America Corp	201,403	223,819
Cliffs Natural Resources	64,717	51,026
Energy XXI Bermuda	66,450	62,957
General Motors Co	145,631	138,314
Goodyear Tire & Rubber Co	96,008	101,889
Metlife Inc.	59,070	81,710
Stanley Black & Decker I	189,980	214,694
United Technologies Corp	116,674	141,631
Wells Fargo & Co	132,552	139,914
Total Domestic Preferred Stock – MacKay Shields	1,233,749	1,356,420
International Preferred Stock		
Akbank T.A.S. - ADR	57,914	44,878
Astra International – Unsp ADR	61,933	47,697
Baidu Inc. - Spon ADR	59,277	103,815
Banco Do Brasil SA - Spon ADR	160,126	127,629
Banco Macro SA - ADR	58,676	61,248
Bank Mandiri TBK – Unsp ADR	108,427	88,705
Bidvest Group Ltd - Spons ADR	76,466	78,341
CNOOC Ltd - ADR	71,587	74,666
China Construc - Unsp ADR	148,150	143,308
China Mobile Ltd - Spon ADR	111,985	120,027
Cielo SA - Sponsored ADR	86,688	118,345
Clicks Group Ltd - Sp ADR	77,911	67,322
Commercial Intl Bank - ADR	43,640	45,734
Companhia De Bebidas - Prf ADR	73,798	75,626
Gazprom OAO - Spon ADR	100,506	97,293
Grupo Televisa SA - Spon ADR	47,326	59,729
Imperial Holdings – Spons ADR	55,738	54,746
KB Financial Group Inc - ADR	99,776	96,025
Kimberly-Clark De Mexico - ADR	88,895	112,883
Koc Holding AS - Unsp ADR	73,523	81,224
Lukoil OAO – Spon ADR	54,817	56,886
Mobile Telesystems - Sp ADR	121,996	132,736
Nedbank Group Ltd - Spons ADR	72,926	80,579
Netease Inc - ADR	65,677	98,809
Orascom Construc - Spon ADR	45,074	33,242
Oriflame Cosmetics - Spon ADR	96,793	67,947
Philippine Long Dist – Sp ADR	90,636	94,298
PPC Ltd – Unsp ADR	52,508	37,475
PTT Exploration & Pr - Sp ADR	47,773	45,008
Sanlam Ltd – Sponsored ADR	53,420	64,726
Sberbank – Sponsored ADR	138,504	127,374
Semen Indone – Unsp ADR	41,914	32,867
Shinhan Financial Group - ADR	107,298	113,360
Shoprite Holdings - Unsp ADR	51,019	59,076
Standard Bank Group - Spon ADR	58,528	54,464
Taiwan Semiconductor - SP Adr	96,637	115,413
Telekomunik Indonesia - Sp ADR	99,739	99,521
Tiger Brands Ltd - Spons ADR	53,060	56,092
Turkcell Iletisim Hizmet - ADR	72,785	69,915

See accompanying Report of Independent Auditors.

Marianas Public Land Trust
(A Component Unit of the Commonwealth of the Northern Mariana Islands)

Schedule of Investments - General Fund, continued

September 30, 2013

	Cost	Fair Value
Equities, continued		
International Preferred Stock, continued		
United Tractors – Unspn ADR	64,643	45,413
Vale SA – Sp Pref ADR	86,296	58,957
Vodacom Group Ltd - Sp ADR	51,803	46,984
Weichai Power Co - Unsp ADR	71,645	65,193
Woolworths Holdings Ltd - GDR	62,246	66,885
Wynn Macau Ltd – Unspn ADR	76,684	94,529
YPF SA - Sponsored ADR	100,419	88,713
Total International Preferred Stock - Lazard	3,597,182	3,596,703
Domestic Common Stock		
Abbott Laboratories	170,021	192,502
Abbvie Inc	59,958	93,933
Air Products & Chemicals Inc	116,531	159,855
Apple Inc	33,738	162,095
Baxter International Inc	149,742	177,363
Boeing Co / The	157,823	246,750
Cigna Corp	139,288	238,266
Deere & Co	157,680	146,502
Diageo Plc – Sponsored ADR	119,988	171,558
EMC Corp / Ma	231,425	230,040
Express Scripts Holding Co	180,758	173,040
Franklin Resources Inc	128,076	181,980
Goldman Sachs Group Inc	182,695	181,941
Hershey Co / The	135,256	203,500
Hess Corp	61,050	85,074
Home Depot Inc	105,657	189,625
Honeywell International Inc	76,704	91,344
Huntington Ingalls Industrie	61,319	114,580
Intl Business Machines Corp	126,468	175,921
Intuit Inc	178,312	205,561
JPMorgan Chase & Co	161,526	211,929
Kering - Un-sponsored ADR	172,912	177,671
M&T Bank Corp	134,674	190,264
Nextera Energy Inc	188,401	248,496
Northeast Utilities	144,480	152,625
Northern Trust Corp	148,320	195,768
Occidental Petroleum Corp	197,615	224,496
Oracle Corp	139,525	195,703
Pepsico Inc	199,276	230,550
QEP Resources Inc	103,608	99,684
Qualcomm Inc	175,725	208,692
Schlumberger Ltd	142,421	176,720
Schwab (Charles) Corp	156,390	274,820
Suntrust Banks Inc	141,440	191,278
Texas Instruments Inc	130,440	161,160
Tiffany & Co	68,413	99,606
Time Warner Inc	177,801	309,307
TRW Automotive Holdings Corp	130,131	235,323
Unilever NV - NY Shares	172,900	192,372
United Parcel Service - CL B	162,928	201,014
UBS AG - REG	162,250	205,200
Walt Disney Co / The	179,150	232,164
Zions Bancorporation	136,739	219,360
Total Domestic Common Stock - Metropolitan West	6,099,554	8,055,632
Total Equities	10,930,485	13,008,755

See accompanying Report of Independent Auditors.

Marianas Public Land Trust
(A Component Unit of the Commonwealth of the Northern Mariana Islands)

Schedule of Investments - General Fund, continued

September 30, 2013

	<u>Cost</u>	<u>Fair Value</u>	<u>Ratings</u>
Fixed Income Securities			
Asset and Mortgage Backed Securities			
FG G11736 @ 5.000 %, due 04/01/20	20,695	22,107	AA+
FG A47758 @ 5.000%, due 11/01/35	111,125	123,179	AA+
FG G12213 @ 5.500%, due 03/01/21	44,739	48,758	AA+
FG G12580 @ 5.000%, due 09/01/21	41,010	43,165	AA+
FG G13174 @ 5.000%, due 06/01/23	81,888	86,100	AA+
FG G14011 @ 5.000%, due 07/01/25	873,146	866,762	AA+
FG G14670 @ 5.000%, due 06/01/26	448,902	452,824	AA+
FG A39210 @ 5.500%, due 10/01/35	134,318	143,360	AA+
FREDDIE MAC @ 1.500%, due 11/13/17	1,737,071	1,712,809	AA+
FANNIE MAE @ 1.200%, due 03/06/17	762,928	756,110	AA+
FANNIE MAE @ 0.875%, due 06/13/17	1,327,920	1,322,666	AA+
FN 256105 @ 5.500%, due 02/01/21	382,440	383,586	AA+
Federal Home @ 5.625%, due 06/13/16	2,590,058	2,510,356	AA+
FN 603265 @ 5.500%, due 09/01/16	2,809	2,943	AA+
FN AL0249 @ 5.500%, due 08/01/37	132,318	132,523	AA+
FN 739168 @ 5.500%, due 09/01/18	5,615	5,750	AA+
FN 743002 @ 5.500%, due 10/01/18	3,267	3,335	AA+
FN 745506 @ 5.662%, due 02/01/16	406,880	443,073	AAA
FN 868434 @ 5.500%, due 04/01/21	577,480	576,825	AA+
FN 889970 @ 5.000%, due 12/01/36	72,316	75,415	AA+
FN 904529 @ 6.500%, due 01/01/37	158,583	171,124	AA+
FN 942285 @ 6.000%, due 08/01/37	45,489	49,347	AA+
FN AA9592 @ 6.000%, due 01/01/39	246,411	257,331	AA+
FN AC5849 @ 5.000%, due 05/01/40	165,585	172,495	AA+
FN AC9290 @ 5.000%, due 04/01/41	281,564	291,222	AA+
Total Asset and Mortgage Backed Securities - Garcia Hamilton	<u>10,654,557</u>	<u>10,653,165</u>	
Government Bonds			
US Treasury @ 2.750%, due 08/15/42	2,808,351	2,631,789	AA+
Total Government Bonds - Garcia Hamilton	<u>2,808,351</u>	<u>2,631,789</u>	
Corporate Bonds			
Aflac Inc @ 8.500%, due 05/15/19	1,185,768	1,176,184	A-
Bank of America Corp @ 5.000%, due 15/13/21	142,830	161,105	A-
Bank of America Corp @ 5.700%, due 01/24/22	1,054,989	1,044,451	A-
Bank of New York @ 4.950%, due 03/15/15	149,110	164,081	A
CitiGroup Inc @ 4.050%, due 07/30/22	1,316,323	1,248,018	BBB+
General Electric Capital Corp @ 4.650%, due 10/17/21	1,261,098	1,193,606	AA+
Goldman Sachs Group Inc @ 5.250%, due 07/27/21	1,265,508	1,214,044	A-
JP Morgan Chase & Co @ 4.500%, due 01/24/22	1,193,426	1,168,272	A
Metlife Inc @ 7.717%, due 02/15/19	1,214,944	1,183,584	A-
Morgan Stanley @ 5.750%, due 01/25/21	1,281,218	1,232,222	A-
PNC Funding Corp @ 3.300%, due 03/08/22	1,197,113	1,211,616	A-
Wells Fargo @ 3.450%, due 12/13/23	1,324,326	1,235,467	A
Total Corporate Bonds - Garcia Hamilton	<u>12,586,653</u>	<u>12,232,650</u>	
AES Corporation @ 8.000%, due 10/15/17	14,553	14,950	BB-
Aircastle Limited @ 6.750%, due 04/15/17	58,485	59,920	BB+
Alliant Techsystems Inc @ 6.875%, due 09/15/20	115,029	116,600	BB
Ally Financial Inc @ 8.000%, due 03/15/20	43,130	43,700	AA+
Ally Financial Inc @ 8.000%, due 11/01/31	97,747	112,500	B+
Autonation Inc @ 6.750%, due 04/15/18	76,775	84,844	BB+
Autonation Inc @ 5.500%, due 02/01/20	30,450	31,237	BB+
Avis Budget Car Rental @ 8.250%, due 01/15/19	59,130	58,590	B
Ball Corp @ 5.750%, due 05/15/21	37,045	39,035	BB+
CBRE Services Inc @ 5.000%, due 03/15/23	98,502	90,937	B+
CCO Hldgs LLC/Cap Corp @ 6.500%, due 04/30/21	49,493	50,750	BB-
CCO Hldgs LLC/Cap Corp @ 7.250%, due 10/30/17	98,045	100,581	BB-

See accompanying Report of Independent Auditors.

Marianas Public Land Trust
(A Component Unit of the Commonwealth of the Northern Mariana Islands)

Schedule of Investments - General Fund, continued

September 30, 2013

Fixed Income Securities, continued	<u>Cost</u>	<u>Fair Value</u>	<u>Ratings</u>
Corporate Bonds, continued			
CDW LLC/CDW Finance @ 8.000%, due 12/15/18	39,025	38,412	B+
Caesars Entertainment Op @ 11.250%, due 06/01/17	58,437	55,825	B-
Chesapeake Energy Corp @ 7.250%, due 12/15/18	61,050	62,287	BB-
CHS Community Health Sys @ 7.125%, due 07/15/20	56,169	55,550	B
CIT Group Inc @ 5.000%, due 05/15/17	146,276	152,431	BB-
Clear Channel Worldwide @ 6.500%, due 11/15/22	118,444	120,360	B
CNH America LLC @ 7.250%, due 01/15/16	44,375	49,387	BB+
Constellation Brands Inc @ 8.375%, due 12/15/14	74,960	75,425	BB+
Continental Resources @ 4.500%, due 04/15/23	59,850	58,875	BBB-
Crown Amer/CAP Corp III @ 6.250%, due 02/01/21	64,777	61,655	BB
CSC Holdings LLC @ 7.625, due 07/15/18	47,200	51,525	BB+
Delphi Corp @ 5.000%, due 02/15/23	64,579	61,950	BB+
Dish DBS Corp @ 7.125%, due 02/01/16	142,654	153,825	BB-
El Paso LLC @ 7.000%, due 06/15/17	103,795	112,642	BB
Energy Transfer Equity @ 7.500%, due 10/15/20	106,315	107,000	BB
EP Energy/EP Finance Inc @ 9.375%, due 05/01/20	62,219	61,875	B
Genon Energy, Inc. @ 9.875%, due 10/15/20	74,305	80,482	B
Halcon Resources Corp @ 8.875%, due 05/15/21	54,232	54,325	CCC+
HCA Inc. @ 7.875%, due 02/15/20	116,095	118,594	BB
Health Mgmt Assoc @ 6.125%, due 04/15/16	54,600	60,088	BB-
Hertz Corp @ 6.750%, due 04/15/19	59,962	58,163	B
Host Hotels & Resorts, L.P. @ 5.875%, due 06/15/19	62,540	63,703	BBB-
Huntington Ingalls Indus @ 6.875%, due 03/15/18	107,740	109,650	B+
Icahn Enterprise/Fin @ 8.000%, due 01/15/18	137,581	141,412	BBB-
Intelsat Jackson Holdings @ 7.250%, due 04/01/19	105,299	107,750	B
Intl Lease Finance Corp @ 8.250%, due 12/15/20	57,522	60,420	BBB-
Iron Mountain Inc @ 8.375%, due 08/15/21	58,370	59,125	B
Iron Mountain Inc @ 5.750%, due 08/15/24	59,406	52,200	B
Kinetics Concept/KCI USA @ 10.500%, due 11/01/18	59,950	60,706	B-
Leucadia National Corp @ 8.125%, due 09/15/15	85,065	88,800	BBB
Level 3 Financing, Inc. @ 8.125%, due 07/01/19	112,638	112,350	CCC+
Linn Energy LLC/Fin Corp @ 7.750%, due 02/01/21	53,180	52,260	B
Markwest Energy Part/Fin @ 6.750%, due 11/01/20	51,573	54,000	BB
Markwest Energy Part/Fin @ 5.500%, due 02/15/23	12,060	12,030	BB
Masco Corp @ 5.950%, due 03/15/22	110,005	115,225	BBB-
MGM Resort Intl @ 7.625%, due 01/15/17	50,125	55,875	B+
NCR Corp @ 5.000%, due 07/15/22	59,658	56,730	BB
NRG Energy Inc @ 8.500%, due 06/15/19	103,263	107,250	BB-
Newfield Exploration Co @ 7.125%, due 05/15/18	45,945	46,800	BB+
Offshore Group Invst Ltd @ 7.500%, due 11/01/19	61,755	60,563	B-
Oil States Intl Inc @ 6.500%, due 06/01/19	54,845	54,060	BB+
Peabody Energy Corp @ 6.500%, due 09/15/20	57,461	56,145	BB
Penn National Gaming Inc @ 8.750%, due 08/15/19	73,474	76,650	BB-
Pinnacle Entertainment @ 7.500%, due 04/15/21	54,750	54,375	B+
Plains Exploration & Pro @ 6.625%, due 05/01/21	59,080	60,073	BBB
Post Holdings Inc @ 7.375%, due 02/15/22	178,711	173,456	B+
Range Resources Corp. @ 6.750%, due 08/01/20	101,520	102,363	BB
Reynolds Grp ISS/Reynold @ 5.750%, due 10/15/20	56,430	57,214	B+
Sally Holdings / Sally Cap @ 5.750%, due 06/01/22	58,728	55,138	BB+
Sandridge Energy Inc @ 7.500%, due 03/15/21	56,786	57,570	B-
Sears Holding Corp @ 6.625%, due 10/15/18	101,818	117,813	B-
Smithfield Foods Inc @ 7.750%, due 07/01/17	37,894	51,188	BB-
Sprint Capital Corp @ 6.900%, due 05/01/19	140,010	164,400	BB-
TW Telecom Holdings Inc @ 5.375%, due 10/01/22	58,179	58,255	B+
Tenet Healthcare Corp @ 9.250%, due 02/01/15	58,097	60,088	CCC+
United Rentals North Am @ 9.250%, due 12/15/19	99,932	106,400	B+
Visteon Corp @ 6.750%, due 04/15/19	44,550	47,813	B+

See accompanying Report of Independent Auditors.

Marianas Public Land Trust
(A Component Unit of the Commonwealth of the Northern Mariana Islands)

Schedule of Investments - General Fund, continued

September 30, 2013

	<u>Cost</u>	<u>Fair Value</u>	<u>Ratings</u>
Fixed Income Securities, continued			
Corporate Bonds, continued			
Wynn Las Vegas, LLC/Corp @ 7.875%, due 05/01/20	55,403	56,291	BBB-
Zayo Group LLC/Zayo Cap @ 8.125%, due 01/01/20	<u>61,463</u>	<u>60,156</u>	B
Total Corporate Bonds - Seix	<u>5,190,509</u>	<u>5,340,617</u>	
Domestic Convertible Corporate Bonds			
Allegheny Technologies @ 4.25%, due 06/01/14	161,980	107,900	BBB-
Ares Capital Corp @ 5.750%, due 02/01/16	65,400	64,500	BBB
Biomarin Pharmaceutical @ 1.875%, due 04/23/17	75,202	186,810	No rating
Bottomline Technologies @ 1.500%, due 12/01/17	139,876	139,226	No rating
Chart Industries Inc @ 2.000%, due 08/01/18	125,076	195,431	B+
Ciena Corp @ 0.875%, due 06/15/17	61,075	71,269	B
Cobalt Intl Energy Inc @ 2.625%, due 12/01/19	133,398	126,900	No rating
Comtech Telecommunication @ 3.000%, due 05/01/29	65,728	65,120	No rating
Covanta Holding Corp @ 3.250%, due 06/01/14	121,975	137,688	B
Danaher Corp @ 0.000%, due 01/22/21	144,764	211,575	A+
EMC Corp @ 1.75%, due 12/01/13	161,175	167,804	A
Ford Motor Company @ 4.250%, due 11/15/16	129,549	156,075	BBB-
Gilead Sciences Inc @ 1.00%, due 05/01/14	134,140	342,479	A-
Helix Energy Solutions @ 3.250%, due 03/15/32	69,719	69,323	No rating
Hologic Inc @ 2.000%, due 03/01/42	95,695	105,525	B+
Hornbeck Offshore Serv @ 1.625%, due 11/15/26	53,409	61,568	BB-
Intel Corp @ 2.950%, due 12/15/35	58,200	56,290	A-
Intel Corp @ 3.250%, due 08/01/39	63,255	64,383	A-
Intl Game Technology @ 3.25%, due 05/01/14	122,200	115,050	BBB
Ixia @ 3.000%, due 12/15/15	70,359	70,680	No rating
Lam Research Corp @ 1.250%, due 05/15/18	130,690	144,376	BBB-
Microchip Technology Inc @ 2.125%, due 12/15/37	62,953	76,777	No rating
MGM Resorts Intl @ 4.25%, due 04/15/15	56,124	66,202	B+
Mylan Inc @ 3.750%, due 09/15/15	122,070	168,092	BBB-
Newmont Mining Corp @ 1.25%, due 07/15/14	74,030	53,464	BBB+
Newpark Resources Inc @ 4.00%, due 10/01/17	46,862	71,858	B
Novellus Systems Inc @ 2.625%, due 05/15/41	104,819	107,653	BBB-
Nuance Communications @ 2.75%, due 11/01/31	140,464	137,446	BB-
Omnicare Inc @ 3.750%, due 12/15/25	134,808	195,443	BB
On Semiconductor Corp @ 2.625%, due 12/15/26	121,696	126,433	BB+
Priceline.Com Inc @ 1.000%, due 03/15/18	76,634	78,385	BBB
RTI International Metals @ 1.625%, due 10/15/19	72,170	70,380	No rating
Ryland Group @ 0.250%, due 06/01/19	71,608	69,350	BB-
Salix Pharmaceuticals LT @ 1.500%, due 03/15/19	141,250	138,637	No rating
SBA Communications Corp @ 4.000%, due 10/01/14	97,911	138,288	No rating
Steel Dynamics Inc @ 5.125%, due 06/15/14	134,285	113,490	BB+
Teleflex Inc @ 3.875%, due 08/01/17	169,147	205,586	BB-
Teva Pharm Fin Co LLC @ 0.250%, due 02/01/26	110,439	108,872	A-
TTM Technologies @ 3.25%, due 05/15/15	134,915	128,835	BB
United Airlines Inc @ 4.500%, due 01/15/15	95,121	95,235	B
Volcano Corp @ 1.750%, due 12/01/17	131,285	128,185	No rating
Wabash National Corp @ 3.375%, due 05/01/18	120,728	142,314	No rating
Wesco International Inc @ 6.00%, due 09/15/29	107,380	142,707	B+
XPO Logistics Inc @ 4.500%, due 10/01/17	61,690	90,327	No rating
Xilinx Inc. @ 2.625%, due 06/15/17	<u>120,348</u>	<u>147,648</u>	BBB+
Total Domestic Convertible Corporate Bonds – Mackay Shields	<u>4,691,602</u>	<u>5,461,579</u>	
Total Corporate Bonds	<u>22,468,764</u>	<u>23,034,846</u>	
Total Fixed Income Securities	<u>35,931,672</u>	<u>36,319,800</u>	
Total Mutual Funds, Equities and Fixed Income Securities	<u>\$ 55,668,444</u>	<u>\$ 57,814,417</u>	

See accompanying Report of Independent Auditors.

Marianas Public Land Trust
(A Component Unit of the Commonwealth of the Northern Mariana Islands)

Schedule of Investments - Park Fund

September 30, 2013

	Cost	Fair Value
Mutual Funds		
Templeton Global Bond Fd-Ad	\$ 833,062	\$ 802,750
Total Mutual Funds	833,062	802,750
Equities		
Domestic Preferred Stock		
AMG Capital Trust I	22,907	28,476
Bank America Corp	28,216	31,356
Cliffs Natural Resources	9,102	7,177
Energy XXI Bermuda	9,397	8,903
General Motors Co	20,490	19,458
Goodyear Tire & Rubber Co	13,700	14,519
Metlife Inc.	8,324	11,493
Stanley Black & Decker I	26,813	30,279
United Technologies Corp	16,389	19,891
Wells Fargo & Company	18,342	19,337
Total domestic Preferred Stock – MacKay Shields	173,680	190,889
Domestic Common Stock		
Abbott Laboratories	44,001	49,785
Abbvie Inc	15,703	24,602
Air Products & Chemicals Inc	31,075	42,628
Apple Inc	8,931	42,908
Baxter International Inc	38,822	45,983
Boeing Co/The	41,448	64,625
Cigna Corp	35,933	61,488
Deere & Co	41,172	38,253
Diageo Plc-Sponsored ADR	31,108	44,478
EMC Corp/Ma	61,610	61,344
Express Scripts Holding Co	48,264	46,350
Franklin Resources Inc	34,154	48,528
Goldman Sachs Group Inc	47,698	47,463
Hershey Co/The	35,658	53,650
Hess Corp	16,650	23,202
Home Depot Inc	27,323	49,303
Honeywell International Inc	20,919	24,912
Huntington Ingalls Industries	16,232	30,330
Intl Business Machines Corp	31,509	46,295
Intuit Inc	46,016	53,048
JPMorgan Chase & Co	41,366	54,275
Kering – Unsponsored ADR	44,876	46,105
M&T Bank Corp	35,649	50,364
Nextera Energy Inc	48,596	64,128
Northeast Utilities	37,876	40,013
Northern Trust Corp	37,080	48,942
Occidental Petroleum Corp	51,573	58,930
Oracle Corp	36,598	51,414
Pepsico Inc	51,481	59,625
QEP Resources Inc	27,341	26,306
Qualcomm Inc	45,362	53,856
Schlumberger Ltd	36,091	44,180
Schwab (Charles) Corp	39,641	69,762
Suntrust Banks Inc	37,144	50,251
Texas Instruments Inc	34,241	42,305
Tiffany & Co	18,418	26,817
Time Warner Inc.	46,531	80,946
TRW Automotive Holdings Corp	35,400	64,178
UBS AG - REG	42,179	53,352
Unilever NV - NY Shares	43,929	49,035
United Parcel Service-CL B	42,330	52,081

See accompanying Report of Independent Auditors.

Marianas Public Land Trust
(A Component Unit of the Commonwealth of the Northern Mariana Islands)

Schedule of Investments - Park Fund, continued

September 30, 2013

	Cost	Fair Value
Equities, continued		
Domestic Common Stock, continued		
Walt Disney Co/The	47,225	61,265
Zions Bancorp	36,098	57,581
Total Domestic Common Stock - Metropolitan West	1,591,251	2,104,886
International Common Stock		
Akbank T.A.S.-ADR	6,798	5,096
Astra International-Unsp	6,866	5,424
Baidu Inc – Spon ADR	6,704	11,794
Banco Do Brasil Sa-Spon ADR	18,313	14,500
Banco Macro SA - ADR	6,762	6,960
Bank Mandiri TBK - Unsp ADR	12,483	10,093
Bidvest Group Ltd-Spons ADR	8,753	8,916
China Construct - Unsp ADR	16,903	16,286
China Mobile Ltd-Spon ADR	12,751	13,656
Cielo SA - Sponsored ADR	9,909	13,436
Clicks Group Ltd - Sp ADR	8,860	7,639
CNOOC Ltd-ADR	8,118	8,476
Commercial Intl Bank-ADR	5,028	5,195
Companhia De Bebidas-Prf ADR	8,311	8,590
Gazprom OAO-Spon ADR	11,382	11,078
Grupo Televisa Sa-Spon ADR	5,346	6,792
Imperial Holdings – Spon ADR	6,220	6,131
Lukoil OAO-Spon ADR	6,222	6,483
KB Financial Group Inc-ADR	11,322	10,926
Kimberly-Clark De Mexico-ADR	10,118	12,832
Koc Holding AS - Unsp ADR	8,294	9,219
Mobile Telesystems-Sp ADR	13,974	15,092
Nedbank Group Ltd-Spons ADR	8,294	9,164
Netease Inc-ADR	7,472	11,253
Orascom Construc-Spon ADR	5,955	4,342
Oriflame Cosmetics - Spon ADR	11,277	7,718
Philippine Long Dist-Sp ADR	10,393	10,719
PPC Ltd-Unsp ADR	6,071	4,256
PTT Exploration & Pr-Sp ADR	5,446	5,110
Sanlam Ltd-Sponsored ADR	6,119	7,366
Sberbank-Sponsored ADR	15,784	14,472
Semen Indone-Unsp ADR	4,742	3,727
Shinhan Financial Group-ADR	12,200	12,879
Shoprite Holdings-Unsp ADR	5,655	6,707
Standard Bank Group-Spon ADR	6,831	6,188
Taiwan Semiconductor-SP Adr	10,917	13,110
Telekomunik Indonesia-Sp ADR	10,882	9,695
Tiger Brands Ltd-Spons ADR	5,962	6,388
Turkcell Iletism Hizmet-ADR	8,379	7,936
United Tractors-Unsp ADR	7,342	5,161
Vale SA - Sp Pref ADR	9,816	6,707
Vodacom Group Ltd - Sp ADR	5,818	5,336
Weichai Power Co-Unsp ADR	8,467	7,409
Woolworths Holdings Ltd - GDR	8,111	7,570
Wynn Macau Ltd – Unsp ADR	8,709	10,739
YPF SA - Sponsored ADR	11,588	10,105
Total International Common Stock - Lazard	411,667	408,671
Total Equities	2,176,598	2,704,446

See accompanying Report of Independent Auditors.

Marianas Public Land Trust
(A Component Unit of the Commonwealth of the Northern Mariana Islands)

Schedule of Investments - Park Fund, continued

September 30, 2013

	<u>Cost</u>	<u>Fair Value</u>	<u>Ratings</u>
Fixed Income Securities			
Asset and Mortgage Backed Securities			
FG A39210 @ 5.500%, due 10/01/35	13,992	14,933	AA+
FG A47758 @ 5.000%, due 11/01/35	6,668	7,391	AA+
FG G11736 @ 5.000%, due 04/01/20	10,348	11,053	AA+
FG G13174 @ 5.000%, due 06/01/23	9,257	9,733	AA+
FG G14011 @ 5.000%, due 07/01/25	92,196	91,522	AA+
FG G14670 @ 5.000%, due 06/01/26	73,527	74,170	AA+
FREDDIE MAC @ 1.500%, due 11/13/17	66,223	65,298	AA+
FANNIE MAE @ 1.200%, due 03/06/17	80,840	80,118	AA+
FANNIE MAE @ 1.000%, due 09/20/17	15,034	14,886	AA+
FANNIE MAE @ 0.875%, due 06/13/17	120,720	120,242	AA+
FEDERAL HOME LOAN BK IL @ 5.625%, due 06/13/16	226,742	219,515	AA+
FN AC5849 @ 5.000%, due 05/01/40	16,559	17,250	AA+
FN AC9290 @ 5.000%, due 04/01/41	15,817	16,361	AA+
FN AJ4557 @ 4.000%, due 11/01/41	16,142	16,237	AA+
FN 256896 @ 5.500%, due 09/01/27	31,841	32,219	AA+
FN 603265 @ 5.500%, due 09/01/16	421	441	AA+
FN 739168 @ 5.500%, due 09/01/18	935	958	AA+
FN 743002 @ 5.500%, due 10/01/18	544	556	AA+
FN 745506 @ 5.662%, due 02/01/16	42,829	46,639	AAA
FN 868434 @ 5.500%, due 04/01/21	60,413	60,346	AA+
GN 782379 @ 6.000%, due 08/15/38	4,885	5,389	AA+
LBUBS 2006-CI A4 @ 5.156%, due 02/15/31	<u>43,513</u>	<u>43,009</u>	AAA
Total Asset and Mortgage Backed Securities - Garcia Hamilton	<u>949,446</u>	<u>948,266</u>	
Government Bonds			
US Treasury N/B @ 2.750%, due 08/15/42	<u>227,448</u>	<u>211,372</u>	AA+
Total Government Bonds - Garcia Hamilton	<u>227,448</u>	<u>211,372</u>	
Corporate Bonds			
Aflac Inc @ 8.500%, due 05/15/19	107,237	103,401	A-
Bank of America Corp @ 5.700%, due 01/24/22	112,833	111,706	A-
Citigroup Inc @ 4.050%, due 07/30/22	128,415	121,403	BBB+
General Electric Cap Corp @ 4.650%, due 10/17/21	112,598	106,572	AA+
Goldman Sachs Group Inc @ 5.250%, due 07/27/21	124,270	118,707	A-
JP Morgan Chase & Co @ 4.500%, due 01/24/22	111,579	109,525	A
Metlife Inc @ 7.717%, due 02/15/19	111,094	106,460	A-
Morgan Stanley @ 5.750%, due 01/25/21	122,357	116,562	A-
PNC Funding Corp @ 3.300%, due 03/08/22	110,873	112,367	A-
Wells Fargo & Company @ 3.450%, due 02/13/23	<u>121,029</u>	<u>112,315</u>	A
Total Corporate Bonds - Garcia Hamilton	<u>1,162,285</u>	<u>1,119,018</u>	
AES Corporation @ 8.000%, due 10/15/17	2,115	2,300	BB-
Aircastle Limited @ 6.750%, due 04/15/17	8,320	8,560	BB+
Alliant Techsystems Inc @ 6.875%, due 09/15/20	15,745	15,900	BB
Ally Financial Inc @ 8.000%, due 03/15/20	7,945	8,051	AA+
Ally Financial Inc @ 8.000%, due 11/01/31	13,038	15,751	B+
Autonation Inc @ 6.750%, due 04/15/18	14,350	15,839	BB+
Avis Budget Car Rental @ 8.250%, due 01/15/19	8,810	8,680	B
Ball Corp @ 5.750%, due 05/15/21	4,925	5,275	BB+
CBRE Services Inc @ 5.000%, due 03/15/23	15,214	14,063	B+
CCO Hldgs LLC/Cap Corp @ 6.500%, due 04/30/21	7,890	8,120	BB-
CCO Hldgs LLC/Cap Corp @ 7.250%, due 10/30/17	14,403	14,824	BB-
CDW LLC/CDW Finance @ 8.000%, due 12/15/18	6,690	6,586	B+
Caesars Entertainment Op @ 11.25, due 06/01/17	8,620	8,121	B-
Chesapeake Energy Corp @ 7.250%, due 12/15/18	8,227	9,060	BB-
CHS Community Health Sys @ 7.125%, due 07/15/20	8,170	8,080	B
CIT Group Inc @ 5.000%, due 05/15/17	22,193	23,128	BB-

Marianas Public Land Trust
(A Component Unit of the Commonwealth of the Northern Mariana Islands)

Schedule of Investments - Park Fund, continued

September 30, 2013

	<u>Cost</u>	<u>Fair Value</u>	<u>Ratings</u>
Fixed Income Securities, continued			
Corporate Bonds, continued			
Clear Channel Worldwide @ 6.500%, due 11/15/22	17,058	17,340	B
CNH America LLC @ 7.250%, due 01/15/16	8,240	8,781	BB+
Constellation Brands Inc @ 8.375%, due 12/15/14	15,135	15,085	BB+
Continental Resources @ 4.500%, due 04/15/23	8,978	8,831	BBB-
Crown Amer/Cap Corp III @ 6.250%, due 02/01/21	8,770	8,360	BB
CSC Holdings Inc @ 7.625, due 07/15/18	5,163	5,726	BB+
Delphi Corp @ 5.000%, due 02/15/23	9,753	9,294	BB+
Dish DBS Corp @ 7.125%, due 02/01/16	22,202	24,173	BB-
El Paso LLC @ 7.000%, due 06/15/17	13,930	15,614	BB
Energy Transfer Equity @ 7.500%, due 10/15/20	15,932	16,050	BB
EP Energy / EP Finance Inc @ 9.375%, due 05/01/20	9,050	9,000	B
Ford Motor Credit Co LLC @ 7.000%, due 10/01/13	12,345	13,000	BBB-
Genon Energy, Inc. @ 9.875%, due 10/15/20	11,255	12,128	B-
HCA Inc. @ 7.875%, due 02/15/20	22,177	22,641	BB
Halcon Resources Corp @ 8.875%, due 05/15/21	8,140	8,200	CCC+
Health Mgmt Assoc @ 6.125%, due 04/15/16	4,640	5,464	BB-
Hertz Corp @ 6.750%, due 04/15/19	8,790	8,460	B
Host Hotels & Resorts, L.P. @ 5.875%, due 06/15/19	9,518	9,717	BBB-
Huntington Ingalls Indus @ 6.875%, due 03/15/18	18,020	18,275	B+
Icahn Enterprises/Fin @ 8.000%, due 01/15/18	13,946	14,665	BBB-
Intelsat Jackson Holdings @ 7.250%, due 04/01/19	15,794	16,163	B
Intl Lease Finance Corp @ 8.250%, due 12/15/20	12,135	12,540	BBB-
Iron Mountain Inc @ 5.750%, due 08/15/24	9,219	8,100	B
Iron Mountain Inc @ 8.375%, due 08/15/21	7,368	7,525	B
Kinetics Concept/KCI @ 10.500%, due 11/01/18	8,720	8,831	B-
Leucadia National Corp @ 8.125%, due 09/15/15	10,569	11,100	BBB
Level 3 Financing, Inc. @ 8.125%, due 07/01/19	17,165	17,120	CCC+
Linn Energy LLC/Fin Corp @ 7.750%, due 02/01/21	8,181	8,040	B
Markwest Energy Part/Fin @ 6.750%, due 11/01/20	7,201	7,561	BB
Masco Corp @ 5.950%, due 03/15/22	15,965	16,760	BBB-
MGM Resorts Intl @ 7.625%, due 01/15/17	8,020	8,940	B+
Newfield Exploration Co @ 7.125%, due 05/15/18	8,265	8,320	BB+
NCR Corp @ 5.000%, due 07/15/22	8,820	8,370	BB
NRG Energy Inc @ 8.500%, due 06/15/19	15,563	16,088	BB-
Offshore Group Invst Ltd @ 7.500%, due 11/01/19	9,753	9,564	B-
Oil States Intl Inc @ 6.500%, due 06/01/19	8,630	8,480	BB+
Peabody Energy Corp @ 6.500%, due 09/15/20	8,020	7,880	BB
Penn National Gaming Inc @ 8.750%, due 08/15/19	14,497	15,331	BB-
Pinnacle Entertainment @ 7.500%, due 04/15/21	8,760	8,700	B+
Plains Exploration & Pro @ 6.625%, due 05/01/21	9,494	9,655	BBB
Post Holdings Inc @ 7.375%, due 02/15/22	27,074	26,282	B+
Range Resources Corp. @ 6.750%, due 08/01/20	15,889	16,163	BB
Reynolds Grp ISS/Reynold @ 5.750%, due 10/15/20	8,910	9,034	B+
Sally Holdings/Sally Cap @ 5.750%, due 06/01/22	8,540	8,021	BB+
Sandridge Energy Inc @ 7.500%, due 03/15/21	8,966	9,090	B-
Sears Holding Corp @ 6.625%, due 10/15/18	15,493	17,909	B-
Smithfield Foods Inc @ 7.750%, due 07/01/17	8,274	11,375	BB-
Sprint Capital Corp @ 6.900%, due 05/01/09	20,929	23,634	BB-
TW Telecom Holdings Inc @ 5.375%, due 10/01/22	8,583	8,595	B+
Tenet Healthcare Corp @ 9.250%, due 02/01/15	8,598	8,741	CCC+
United Rentals North AM @ 9.250%, due 12/15/19	14,788	15,680	B+
Visteon Corp @ 6.750%, due 04/15/19	6,930	7,438	B+
Wynn Las Vegas, LLC/Corp @ 7.875%, due 05/01/20	8,825	8,830	BBB-
Zayo Group LLC/Zayo Cap @ 8.125%, due 01/01/20	8,940	8,750	B
Total Corporate Bonds - Seix	<u>792,575</u>	<u>817,752</u>	

Marianas Public Land Trust
(A Component Unit of the Commonwealth of the Northern Mariana Islands)

Schedule of Investments - Park Fund, continued

September 30, 2013

	<u>Cost</u>	<u>Fair Value</u>	<u>Ratings</u>
Fixed Income Securities			
Corporate Bonds, continued			
Allegheny Technologies Corp @ 4.250%, due 06/01/14	23,363	15,563	BBB-
Ares Capital Corp @ 5.750%, due 02/01/16	8,720	8,600	BBB
Biomarin Pharmaceutical @ 1.875%, due 04/23/17	11,570	28,740	NR
Bottomline Technologies @ 1.500%, due 12/1/17	19,652	19,561	No rating
Chart Industries Inc @ 2.000%, due 08/01/18	17,907	27,919	B+
Ciena Corp @ 0.875%, due 06/15/17	8,725	10,181	B
Cobalt Intl Energy Inc @ 2.625%, due 12/1/19	18,893	17,978	No rating
Comtech Telecommunication @ 3.000%, due 05/01/29	9,243	9,158	No rating
Covanta Holding Corp @ 3.250%, due 06/01/14	17,088	19,275	B
Danaher Corp @ 0.000%, due 01/22/21	20,681	30,225	A+
EMC Corp @ 1.750%, due 12/01/13	23,025	23,972	A
Ford Motor @ 4.250%, due 11/15/16	18,064	21,732	BBB-
Gilead Sciences Inc @ 1.00%, due 05/01/14	18,526	47,334	A-
Helix Energy Solutions @ 3.250%, due 03/15/32	9,385	9,332	No rating
Hologic Inc @ 2.000%, due 03/01/42	16,405	18,090	B+
Hornbeck Offshore Serv @ 1.625%, due 11/15/26	8,217	9,472	BB-
Ixia @ 3.000%, due 12/15/15	10,213	10,260	No rating
Intel Corp @ 2.950%, due 12/15/35	7,835	7,578	A-
Intel Corp @ 3.250%, due 08/01/39	8,515	8,667	A-
Intl Game Technology @ 3.25%, due 05/01/14	17,625	16,594	BBB
Lam Research Corp @ 1.250%, due 05/15/18	18,514	20,453	BBB-
Microchip Technology Inc @ 2.125%, due 12/15/37	8,993	10,968	No rating
MGM Resorts Intl @ 4.25%, due 04/15/15	8,634	10,185	B+
Mylan Inc @ 3.750%, due 09/15/15	16,837	23,185	BBB-
Newmont Mining Corp @ 1.25%, due 07/15/14	9,778	7,060	BBB+
Newpark Resources Inc @ 4.000%, due 10/01/17	6,308	9,673	B
Novellus Systems Inc @ 2.625%, due 05/15/41	15,414	15,831	BBB-
Nuance Communications @ 2.75%, due 11/01/31	19,624	19,202	BB-
Omnicare Inc @ 3.750%, due 12/15/25	17,584	25,493	BB
On Semiconductor Corp @ 2.625%, due 12/15/26	16,642	17,290	BB+
Priceline.com Inc @ 1.000%, due 03/15/18	11,307	11,565	BBB
RTI International Metals @ 1.625%, due 10/15/19	10,613	10,350	No rating
Ryland Group @ 0.250%, due 06/01/19	10,364	10,038	BB-
Salix Pharmaceuticals LT @ 1.500%, due 03/15/19	20,000	19,630	No rating
SBA Communications Corp @ 4.000%, due 10/01/14	16,946	23,934	No rating
Steel Dynamics Inc @ 5.125%, due 06/15/14	19,368	16,369	BB+
Teleflex Inc @ 3.875%, due 08/01/17	24,697	29,571	BB-
Teva Pharm Fin Co LLC @ 0.250%, due 02/01/26	15,777	15,553	A-
TTM Technologies @ 3.25%, due 05/15/15	19,198	18,405	BB
United Airlines Inc @ 4.500%, due 01/15/15	13,589	13,605	B
Volcano Corp @ 1.750%, due 12/1/17	17,999	17,574	No rating
Wabash National Corp @ 3.375%, due 05/01/18	16,496	19,584	No rating
Wesco International Inc @ 6.000%, due 09/15/29	14,455	19,211	B+
XPO Logistics @ 4.500%, due 10/01/17	8,955	13,112	No rating
Xilinx Inc. @ 2.625%, due 06/15/17	17,192	21,093	BBB+
Total Corporate Bonds - Mackay Shields	<u>668,936</u>	<u>779,165</u>	
Total Corporate Bonds	<u>2,623,796</u>	<u>2,715,935</u>	
Total Fixed Income Securities	<u>3,800,690</u>	<u>3,875,573</u>	
Total Mutual Funds, Equities and Fixed Income Securities	<u>\$ 6,810,350</u>	<u>\$ 7,382,769</u>	

Marianas Public Land Trust
(A Component Unit of the Commonwealth of the Northern Mariana Islands)

Schedule of Administrative Expenses Compared to Budget

September 30, 2013

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (<u>Unfavorable</u>)
Money manager fees	\$ 200,100	\$ 185,995	\$ 14,105
Consultancy fees	121,100	121,381	(281)
Salaries and benefits	105,000	104,319	681
Contract services	72,000	72,000	0
Professional fees	62,930	57,975	4,955
Money management administration	62,750	48,735	14,015
Office expenses	58,700	59,069	(369)
Depreciation	41,100	41,087	13
Loan administration fee	40,400	40,441	(41)
Insurance	16,900	16,875	25
Audit	15,500	15,500	0
Trustees' expenses	14,400	13,157	1,243
Rent and utilities	13,470	13,752	(282)
Repairs and maintenance	<u>4,000</u>	<u>2,566</u>	<u>1,434</u>
 Total	 \$ <u>828,350</u>	 \$ <u>792,852</u>	 \$ <u>35,498</u>