

*Financial Statements and  
Supplementary Information*

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

*Years ended September 30, 2014 and 2013  
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, 2014 and 2013

**Contents**

Report of Independent Auditors .....	1
Management’s Discussion and Analyses.....	4
Audited Basic Financial Statements	
Statements of Net Position.....	13
Statements of Revenues, Expenses and Changes in Net Position .....	14
Statements of Cash Flows.....	15
Notes to Financial Statements.....	17
Supplementary Information	
Combining Statement of Net Position .....	43
Combining Statement of Revenues, Expenses and Changes in Net Position.....	44
Combining Statement of Cash Flows .....	45
Schedule of Investments – General Fund .....	47
Schedule of Investments – Park Fund .....	55
Schedule of Administrative Expenses Compared to Budget .....	63



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

Management and the Board of Trustees  
Marianas Public Land Trust

### **Report on the Financial Statements**

We have audited the accompanying statements of net position of the Marianas Public Land Trust (the Trust), a component unit of the Commonwealth of the Northern Mariana Islands, as of September 30, 2014 and 2013, and the related statements of revenues, expenses and changes in net position, and cash flows for the years 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 opinions on these financial statements based on our audits. We conducted our audits 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.

## ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Marianas Public Land Trust as of September 30, 2014 and 2013, and the respective changes in financial position and where applicable, cash flows thereof, for the years then ended in conformity with U.S. generally accepted accounting principles.

## ***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 and Other 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 and Other 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 were 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, 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 April 29, 2015 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 grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Marianas Public Land Trust's internal control over financial reporting and compliance.

*Ernst + Young*

April 29, 2015



# 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, 2014. 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, 2014, 2013 and 2012.

- The assets of MPLT increased in 2014 by \$3,710,975 over the amount at 2013. This was due to principal contributions of \$1,303,852 and due to a continuing trend of increasing fair value of investments.

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

**Management's Discussion and Analysis, continued**

**Financial Highlights, continued**

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.

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.

- Total liabilities for 2014 decreased by \$1,117,955 from 2013 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 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.

- The above changes resulted in an increase of \$4,828,930 in total net position for 2014, increase in total net position of \$1,845,020 for 2013, and an increase in total net position of \$5,663,936 for 2012.
- 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 2014, 2013, and 2012 were \$5,382,094, \$5,087,100 and \$7,630,783, respectively.
- The total performance of MPLT for 2014 was 6.9%, which did not exceed our target rate of return of 7.5%, for 2013 was 6.2%, and 2012 was 11.3%.
- The overall administrative costs increased in 2014 by 10% or \$76,642, decreased in 2013 by 1% or \$10,099, and decreased in 2012 by 11% or \$101,108 as there was a small impairment loss recognized.



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

Management's Discussion and Analysis, continued

**MPLT General Fund Operations**

The investment income for 2014, 2013, and 2012 was \$1,624,905, \$2,625,814, and \$2,942,976, respectively.

The distributions to the CNMI General Fund paid for 2014, 2013, and 2012 was \$844,111, \$1,908,543, and \$1,894,921, respectively. The cumulative amount distributed to the CNMI General Fund since inception in 1983 has been \$54,621,234. This has occurred while growing the principal fund by \$38,386,441 for the same time-period. The General Fund's annual return for 2014 was 6.82%, 2013 was 5.91%, and 2012 was 11.03%.

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, 2014 (net current value of \$2,823,850).

**General Fund Condensed Financial Statements Summaries**

**STATEMENTS OF NET POSITION**

<u>Assets</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Current assets	\$ 5,352,552	\$ 7,910,146	\$ 9,702,628
Others assets, restricted	64,560,150	58,319,988	52,736,865
Notes receivable - noncurrent portion	2,416,161	2,697,801	5,626,421
Capital assets	286,621	322,814	348,336
	<hr/>	<hr/>	<hr/>
Total	<u>\$72,615,484</u>	<u>\$ 69,250,749</u>	<u>\$ 68,414,250</u>

**Liabilities and Net Position**

Current liabilities	\$ 232,589	\$ 1,220,126	\$ 2,134,484
Net position:			
Invested in capital assets	286,621	322,814	348,336
Restricted	72,096,274	67,707,809	65,931,430
	<hr/>	<hr/>	<hr/>
Net position	<u>72,382,895</u>	<u>68,030,623</u>	<u>66,279,766</u>
	<hr/>	<hr/>	<hr/>
Total	<u>\$72,615,484</u>	<u>\$ 69,250,749</u>	<u>\$ 68,414,250</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>2014</u>	<u>2013</u>	<u>2012</u>
Operating revenues, net	\$ 4,675,799	\$ 4,376,670	\$ 6,624,207
Operating expenses	( 783,268)	( 716,715)	( 727,691)
Non-operating income (expenses)	<u>459,741</u>	<u>( 1,909,098)</u>	<u>( 912,435)</u>
Change in net position	4,352,272	1,750,857	4,984,081
Beginning net position	<u>68,030,623</u>	<u>66,279,766</u>	<u>61,295,685</u>
Ending net position	<u>\$72,382,895</u>	<u>\$68,030,623</u>	<u>\$66,279,766</u>

**STATEMENTS OF CASH FLOWS**

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Cash flows from operating activities	\$ 864,762	\$ 1,760,252	\$( 8,594)
Cash flows from noncapital financing activities	---	---	1,000,000
Cash flows from capital and related financing activities	1,298,475	( 16,120)	( 197,695)
Cash flows from investing activities	<u>(2,803,348)</u>	<u>(3,400,293)</u>	<u>231,124</u>
Net increase (decrease) in cash and cash equivalents	( 640,111)	(1,656,161)	1,024,835
Cash and cash equivalents at beginning of year	<u>2,188,688</u>	<u>3,844,849</u>	<u>2,820,014</u>
Cash and cash equivalents at end of year	<u>\$ 1,548,577</u>	<u>\$ 2,188,688</u>	<u>\$3,844,849</u>

**Capital Assets**

At September 30, 2014, 2013, and 2012, MPLT had \$286,621, \$322,814, and \$348,336, respectively, in capital assets, net of accumulated depreciation where applicable, including furniture, fixtures and equipment, vehicles and land, which represent a net decrease in 2014 of \$36,193, decrease in 2013 of \$25,522, and an increase in 2012 of \$138,592. 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 2014 was 8.36%, 2013 was 8.59%, and 2012 was 13.61%. 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 \$9,000,717. This has been accomplished while distributing \$6,065,545 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 \$17,400. 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>2014</u>	<u>2013</u>	<u>2012</u>
Current assets	\$ 399,350	\$ 453,616	\$ 769,808
Others assets, restricted	8,076,375	7,382,769	7,042,129
Notes receivable - noncurrent portion	<u>533,343</u>	<u>831,943</u>	<u>835,443</u>
Total	<u>\$ 9,009,068</u>	<u>\$ 8,668,328</u>	<u>\$ 8,647,380</u>

**Liabilities and Net Position**

Current liabilities	<u>\$ 8,351</u>	<u>\$ 144,269</u>	<u>\$ 217,484</u>
Net position:			
Restricted principal	9,000,717	8,503,408	8,105,470
Restricted income	<u>---</u>	<u>20,651</u>	<u>324,426</u>
Net position	<u>9,000,717</u>	<u>8,524,059</u>	<u>8,429,896</u>
Total	<u>\$ 9,009,068</u>	<u>\$ 8,668,328</u>	<u>\$ 8,647,380</u>

**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Operating revenues	\$ 706,295	\$ 710,430	\$ 1,006,576
Operating expenses	( 86,226)	( 76,137)	( 75,260)
Non-operating expenses, net	<u>( 143,411)</u>	<u>( 540,130)</u>	<u>( 251,461)</u>
Change in net position	476,658	94,163	679,855
Beginning net position	<u>8,524,059</u>	<u>8,429,896</u>	<u>7,750,041</u>
Ending net position	<u>\$ 9,000,717</u>	<u>\$ 8,524,059</u>	<u>\$ 8,429,896</u>

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

Management's Discussion and Analysis, continued

**STATEMENTS OF CASH FLOWS**

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Cash flows from operating activities	\$ 71,044	\$ 444,006	\$( 8,568)
Cash flows from noncapital financing activities	---	---	( 43,000)
Cash flows from investing activities	<u>( 203,105)</u>	<u>( 334,132)</u>	<u>( 133,535)</u>
Net (decrease) increase in cash and cash equivalents	( 132,061)	109,874	( 185,103)
Cash and cash equivalents at beginning of year	<u>284,514</u>	<u>174,640</u>	<u>359,743</u>
Cash and cash equivalents at end of year	<u>\$ 152,453</u>	<u>\$ 284,514</u>	<u>\$ 174,640</u>

**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 2015 appears to be a tenuous 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 deflation. These factors will likely keep equity value growth muted. 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 continuously reviewing options to its current investment allocation in order to manage its risk-adjusted yields. Accordingly, the Trust may be making changes to its 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, 2014 is set forth in the report on the audit of MPLT's financial statements, which is dated April 29, 2015. The Discussion and Analysis explains the major factors impacting the 2014 financial statements. If you have questions about this report or the 2013 or 2012 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](mailto:mplt@mplt.gov.mp).

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

**Statements of Net Position**

	September 30,	
	2014	2013
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 1,701,030	\$ 2,473,202
Receivables:		
Notes receivable, current portion	3,569,689	4,203,844
Accrued income	366,502	439,412
Others	24,802	10,763
Due from brokers	81,500	1,185,974
Prepaid expense	<u>3,554</u>	<u>40,242</u>
Total current assets	<u>5,747,077</u>	<u>8,353,437</u>
Noncurrent assets:		
Notes receivable, net of current portion and allowance for loan losses	2,949,504	3,529,744
Investments	71,996,525	65,197,186
Foreclosed properties	640,000	505,571
Capital assets, net	<u>286,621</u>	<u>322,814</u>
Total noncurrent assets	<u>75,872,650</u>	<u>69,555,315</u>
Total assets	<u>\$ 81,619,727</u>	<u>\$ 77,908,752</u>
<b>Liabilities and net position</b>		
Current liabilities:		
Accounts payable	\$ 227,407	\$ 49,773
Due to brokers	---	1,296,315
Accrued expenses	<u>8,708</u>	<u>7,982</u>
Total liabilities	<u>236,115</u>	<u>1,354,070</u>
Net position:		
Invested in capital assets	286,621	322,814
Restricted	<u>81,096,991</u>	<u>76,231,868</u>
Total net position	<u>81,383,612</u>	<u>76,554,682</u>
Total liabilities and net position	<u>\$ 81,619,727</u>	<u>\$ 77,908,752</u>

*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,	
	<u>2014</u>	<u>2013</u>
Operating revenues:		
Net increase in the fair value of investments	\$ 3,400,134	\$ 1,634,139
Investment income, net	1,454,846	2,388,368
Interest income:		
Notes receivable	377,766	548,958
Other	<u>900</u>	<u>980</u>
	5,233,646	4,572,445
Recoveries through foreclosure of assets	135,345	505,571
Reversal of provision for doubtful accounts	10,266	9,084
Other income	<u>2,837</u>	<u>---</u>
Total operating revenues	<u>5,382,094</u>	<u>5,087,100</u>
Operating expenses:		
Money manager fees	224,361	185,995
Consultancy fees	130,956	121,381
Salaries and benefits	112,860	104,319
Money management administration	83,068	48,735
Contract service	72,000	72,000
Office supplies	56,372	59,069
Professional fees	55,264	57,975
Depreciation and amortization	41,570	41,087
Loan administration fee	34,879	40,441
Insurance	16,875	16,875
Audit	16,105	15,500
Rent and utilities	12,239	13,752
Trustees' expenses	11,462	13,157
Repairs and maintenance	<u>1,483</u>	<u>2,566</u>
Total operating expenses	<u>869,494</u>	<u>792,852</u>
Operating income	<u>4,512,600</u>	<u>4,294,248</u>
Non-operating revenues (expenses):		
Transfer from DPL	1,303,852	---
Net distribution to the CNMI General Fund/American Memorial Park	( 987,522 )	( 2,448,673 )
Sundry	<u>---</u>	<u>( 555 )</u>
Total non-operating revenues (expenses)	<u>316,330</u>	<u>( 2,449,228 )</u>
Increase in net position	4,828,930	1,845,020
Net position at beginning of year	<u>76,554,682</u>	<u>74,709,662</u>
Net position at end of year	<u>\$ 81,383,612</u>	<u>\$ 76,554,682</u>

*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,	
	<u>2014</u>	<u>2013</u>
Cash flows from operating activities:		
Cash received from operations	\$ 1,703,379	\$ 2,973,813
Cash payments to suppliers	( <u>767,573</u> )	( <u>769,555</u> )
Net cash provided by operating activities	<u>935,806</u>	<u>2,204,258</u>
Cash flows from noncapital financing activity:		
Cash received from DPL	<u>1,303,852</u>	<u>---</u>
Cash flows from capital and related financing activity:		
Acquisition of property and equipment	( <u>5,377</u> )	( <u>16,120</u> )
Cash flows from investing activities:		
Net decrease in notes receivable	392,752	49,628
Net increase in restricted assets	( <u>3,399,205</u> )	( <u>3,784,053</u> )
Net cash used in investing activities	( <u>3,006,453</u> )	( <u>3,734,425</u> )
Net decrease in cash and cash equivalents	( <u>772,172</u> )	( <u>1,546,287</u> )
Cash and cash equivalents at beginning of year	<u>2,473,202</u>	<u>4,019,489</u>
Cash and cash equivalents at end of year	<u>\$ 1,701,030</u>	<u>\$ 2,473,202</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 4,512,600	\$ 4,294,248
Adjustments to reconcile operating income to net cash provided by operating activities:		
Net increase in fair value of investments	( <u>3,400,134</u> )	( <u>1,634,139</u> )
Noncash interest income	( <u>118,900</u> )	( <u>374,665</u> )
Depreciation and amortization	41,570	41,087
Recovery of notes receivable	( <u>145,611</u> )	( <u>514,655</u> )
(Increase) decrease in assets:		
Receivable-accrued income	191,810	473,374
Other receivable	( <u>14,039</u> )	( <u>4,190</u> )
Due from brokers	1,104,474	946,949
Prepaid expense	36,688	( <u>37,851</u> )
Increase (decrease) in liabilities:		
Accounts payable	22,937	16,070
Due to brokers	( <u>1,296,315</u> )	( <u>1,005,961</u> )
Accrued expenses	<u>726</u>	<u>3,991</u>
Net cash provided by operating activities	<u>\$ 935,806</u>	<u>\$ 2,204,258</u>

*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 \$689,414 and \$1,908,543 of the required income distribution to the CNMI General Fund for the years ended September 30, 2014 and 2013, respectively, as a repayment of the CNMI's note receivable and related interest.

	Year ended September 30,	
	<u>2014</u>	<u>2013</u>
Decrease in notes receivable	\$( 644,312)	\$( 1,741,534)
Increase in interest income	( 45,102)	( 167,009)
Increase in net distribution	<u>689,414</u>	<u>1,908,543</u>
	<u>\$ ---</u>	<u>\$ ---</u>

MPLT applied \$143,411 and \$207,420 of the required income distribution of the American Memorial Park Fund for the years ended September 30, 2014 and 2013, respectively, as a repayment of CDA's note receivable and related interest.

Decrease in notes receivable	\$( 136,600)	\$( 148,700)
Increase in interest income	( 6,811)	( 58,720)
Increase in net distribution	<u>143,411</u>	<u>207,420</u>
	<u>\$ ---</u>	<u>\$ ---</u>

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

**Notes to Financial Statements**

September 30, 2014 and 2013

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

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, 2014 and 2013.

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

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, notes receivable and investments.

At September 30, 2014 and 2013, 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, 2014 and 2013, cash and cash equivalents consisted of the following:

	<u>2014</u>	<u>2013</u>
Custodian money market sweep deposits	\$1,384,343	\$2,228,508
Deposits with federally insured banks	312,812	240,652
Uninsured deposits	<u>3,875</u>	<u>4,042</u>
	<u>\$1,701,030</u>	<u>\$2,473,202</u>

As of September 30, 2014 and 2013, 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, 2014, MPLT's investment in U.S. agency obligations of the Freddie Mac Federal Home Loan Mortgage Corporation and Department of Treasury constituted 5% and 15%, respectively, of its total investments. 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.

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  
(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**

- 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  
(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**

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  
(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**

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 MPLT'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  
(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**

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  
(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**

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  
(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**

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**  
(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**

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  
(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**

(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 Yield</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  
(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**

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, 2014 and 2013 (with combining information as of September 30, 2014) are as follows:

	<u>General Fund</u>	<u>Park Fund</u>	<u>2014</u>	<u>2013</u>
Mutual Funds	\$ 6,902,818	\$ 852,939	\$ 7,755,757	\$ 9,288,613
Equities:				
Domestic preferred stock	---	---	---	1,547,309
Domestic common stock	26,589,699	3,416,642	30,006,341	10,160,518
International common stock	3,005,905	572,062	3,577,967	4,005,372
International preferred stock	85,889	11,567	97,456	---
Fixed income securities:				
Asset and mortgage backed securities	9,140,752	1,084,792	10,225,544	11,601,431
Government bonds	9,858,871	1,137,898	10,996,769	2,843,161
Corporate bonds	<u>8,336,216</u>	<u>1,000,475</u>	<u>9,336,691</u>	<u>25,750,782</u>
	<u>\$ 63,920,150</u>	<u>\$8,076,375</u>	<u>\$71,996,525</u>	<u>\$65,197,186</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**

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, 2014 and 2013:

Investment Type	2014					Credit Rating
	Investment Maturities (In Years)					
	Fair Value	Less Than 1	1-5	6-10	More Than 10	
Asset and mortgage backed securities	\$ 41,449	\$ ---	\$ ---	\$ ---	\$ 41,449	AAA
Asset and mortgage backed securities	5,456,254	---	1,868,857	867,212	2,720,185	AA+*
Asset and mortgage backed securities	4,727,840	---	4,727,840	---	---	AA+
Government bonds	10,996,769	---	2,153,155	4,917,483	3,926,131	AA+*
Corporate bonds	878,997	---	---	878,997	---	AA+
Corporate bonds	321,448	---	---	321,448	---	AA-
Corporate bonds	1,569,413	158,227	556,882	854,304	---	A
Corporate bonds	2,304,667	---	---	2,304,667	---	A-
Corporate bonds	562,121	---	---	562,121	---	BBB+
Corporate bonds	307,363	---	83,562	223,801	---	BBB-
Corporate bonds	381,412	---	---	381,412	---	BB+
Corporate bonds	917,739	---	149,970	767,769	---	BB
Corporate bonds	671,497	---	76,285	520,447	74,765	BB-
Corporate bonds	420,345	---	115,521	304,824	---	B+
Corporate bonds	403,155	---	37,125	366,030	---	B
Corporate bonds	412,911	---	185,470	227,441	---	B-
Corporate bonds	70,350	---	---	70,350	---	CCC+
Corporate bonds	115,275	---	---	115,275	---	NA
	<u>\$ 30,559,005</u>	<u>\$ 158,227</u>	<u>\$ 9,954,667</u>	<u>\$ 13,683,581</u>	<u>\$ 6,762,530</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	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>	<u>---</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.

**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, 2014, 2013 and 2012 were \$3,922, \$3,631, and \$2,424, respectively, equal to the required contributions for each year.

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**

**Defined Contribution Plan (DC Plan), continued**

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.

**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.

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**

**Recently Adopted Accounting Pronouncements**

In March 2012, GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities* (GASB No. 65). 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. The provisions of this Statement will improve financial reporting by clarifying the appropriate use of the financial statement elements deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting. The requirements of this Statement are effective for financial statements for period beginning after December 15, 2012.

The implementation of GASB No. 65 did not impact MPLT's financial statements.

In March 2012, GASB issued Statement No. 66, *Technical Corrections - 2012, an amendment of GASB Statements No. 10 and No. 62*. 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*. 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 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 implementation of the foregoing Statements did not have a material effect on the accompanying financial statements.

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**

**Upcoming Accounting Pronouncements**

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. In addition, this Statement provides specific accounting and financial reporting guidance for combinations in the governmental environment and also improves the decision usefulness of financial reporting by requiring that disclosures be made by governments about combination arrangements in which they engage and for disposals of government operations.

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 nonemployer contributing entities.

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

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

Notes to Financial Statements, continued

**3. Notes Receivable**

At September 30, 2014 and 2013, notes receivable consist of the following:

	<u>2014</u>	<u>2013</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	\$7,653,850	\$ 8,087,313
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.	101,289	111,555
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	695,343	831,943
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

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

Notes to Financial Statements, continued

**3. Notes Receivable, continued**

	<u>2014</u>	<u>2013</u>
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.	<u>3,000,000</u>	<u>3,000,020</u>
	11,450,482	12,675,143
Less allowance for loan losses	<u>4,931,289</u>	<u>4,941,555</u>
	6,519,193	7,733,588
Less current portion	<u>3,569,689</u>	<u>4,203,844</u>
	<u>\$ 2,949,504</u>	<u>\$ 3,529,744</u>

An analysis of the change in the allowance for loan losses for the years ended September 30, 2014 and 2013 follows:

	<u>2014</u>	<u>2013</u>
Balance at beginning of the year	\$ 4,941,555	\$ 4,950,639
Reversal of provision for doubtful accounts	<u>( 10,266)</u>	<u>( 9,084)</u>
Balance at end of the year	<u>\$ 4,931,289</u>	<u>\$ 4,941,555</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 investment in loans as of September 30, 2014 and 2013:

	<u>2014</u>	<u>2013</u>
<u>Related Investment</u>		
Individually evaluated for impairment	\$ 3,796,632	\$ 4,587,830
Collectively evaluated for impairment	<u>7,653,850</u>	<u>8,087,313</u>
	<u>\$11,450,482</u>	<u>\$12,675,143</u>
<u>Related Allowance</u>		
Individually evaluated for impairment	\$( 101,289)	\$( 111,555)
Collectively evaluated for impairment	<u>( 4,830,000)</u>	<u>( 4,830,000)</u>
	<u>\$( 4,931,289)</u>	<u>\$( 4,941,555)</u>



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

Notes to Financial Statements, continued

**3. Notes Receivable, continued**

*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>2014</u>
Current	\$ 6,736,098
1 - 30 days	651,474
31 - 60 days	256,355
61 - 90 days	134,235
91 - 120 days	191,290
More than 120 days	<u>3,481,030</u>
	<u>\$ 11,450,482</u>

*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 the borrower's financial needs for a period of time. As of September 30, 2014 loans that had been modified in a TDR totaled \$309,540 which was all modified during the year ended September 30, 2013.

**4. Capital Assets**

A summary of capital assets as of September 30, 2014 and 2013 is as follows:

	<u>Useful Lives</u>	<u>Balance at October 1, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Impairment</u>	<u>Balance September 30, 2014</u>
Land	---	\$ 116,000	\$ ---	\$ ---	\$ ---	\$ 116,000
Building	5-10 years	193,167	---	---	---	193,167
Furniture, fixtures, equipment	3-10 years	118,053	5,377	---	---	123,430
Vehicle	3-10 years	<u>46,225</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>46,225</u>
		473,445	5,377	---	---	478,822
Less accumulated depreciation		<u>150,631</u>	<u>41,570</u>	<u>---</u>	<u>---</u>	<u>192,201</u>
		<u>\$ 322,814</u>	<u>\$ ( 36,193)</u>	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ 286,621</u>

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

Notes to Financial Statements, continued

**4. Capital Assets, continued**

	Useful Lives	Balance at October 1, 2012	Additions	Deletions	Impairment	Balance September 30, 2013
Land	---	\$ 116,000	\$ ---	\$ ---	\$ ---	\$ 116,000
Building	5-10 years	186,328	7,715	( 876)	---	193,167
Furniture, fixtures, 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>

**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, 2014 and 2013 is summarized as follows:

	Principal	Interest	2014	2013
<b>General Fund</b>				
Balance at beginning of year	\$ 68,030,623	\$ ---	\$ 68,030,623	\$ 66,279,766
Net increase in the fair value of investments	2,902,822	---	2,902,822	1,236,201
Other operating net income	299,895	689,814	989,709	2,423,199
Transfer	<u>1,303,852</u>	<u>( 844,111)</u>	<u>459,741</u>	<u>( 1,908,543)</u>
Balance at of year	<u>\$ 72,537,192</u>	<u>\$ (154,297)</u>	<u>\$ 72,382,895</u>	<u>\$ 68,030,623</u>
<b>Park Fund</b>				
Balance at beginning of year	\$ 8,503,405	\$ 20,654	\$ 8,524,059	\$ 8,429,896
Net increase in the fair value of investments	497,312	---	497,312	397,938
Other operating net income	---	122,757	122,757	236,356
Transfer	<u>---</u>	<u>( 143,411)</u>	<u>( 143,411)</u>	<u>( 540,130)</u>
Balance at of year	<u>\$ 9,000,717</u>	<u>\$ ---</u>	<u>\$ 9,000,717</u>	<u>\$ 8,524,060</u>

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

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, 2014 and 2013, MPLT recorded \$844,111 and \$1,908,543, respectively, of transfers out to the CNMI general fund, of which \$644,312 and \$1,741,534, respectively, was offset against a note receivable from the CNMI Government and \$45,102 and \$167,009 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 \$1,303,852 to MPLT during the year ended September 30, 2014.

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, 2014 and 2013, MPLT recorded \$143,411 and \$540,130, 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 \$57,625 and \$60,263 as of September 30, 2014 and 2013, respectively, and the legal counsel of MPLT has a home loan outstanding of \$47,450 and \$55,137 as of September 30, 2014 and 2013, 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, 2014 and 2013, MPLT has receivables from its trustees and employees totaling \$24,802 and \$10,763, 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  
(A Component Unit of the Commonwealth of the Northern Mariana Islands)

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, 2014 and 2013, MPLT was contingently liable to these institutions for \$880,587 and \$930,509, respectively. MPLT records liabilities upon receipt of default notices from NMHC.

## Supplementary Information

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

**Combining Statement of Net Position**

September 30, 2014

	General Fund	Park Fund	Eliminations	Total
<b>Assets</b>				
Current assets:				
Cash and cash equivalents	\$ 1,548,577	\$ 152,453	\$ -	\$ 1,701,030
Receivables:				
Notes receivable, current portion	3,407,689	162,000	-	3,569,689
Accrued income	291,408	75,094	-	366,502
Others	24,802	-	-	24,802
Due from other funds	4,825	-	( 4,825 )	---
Due from brokers	71,697	9,803	-	81,500
Prepaid expense	3,554	-	-	3,554
	<u>5,352,552</u>	<u>399,350</u>	<u>( 4,825 )</u>	<u>5,747,077</u>
Total current assets				
Noncurrent assets:				
Notes receivable, net of current portion and allowance for loan losses	2,416,161	533,343	-	2,949,504
Investments	63,920,150	8,076,375	-	71,996,525
Foreclosed properties	640,000	-	-	640,000
Capital assets, net	286,621	-	-	286,621
	<u>67,262,932</u>	<u>8,609,718</u>	<u>-</u>	<u>75,872,650</u>
Total noncurrent assets				
Total assets				
	<u>\$ 72,615,484</u>	<u>\$ 9,009,068</u>	<u>\$( 4,825 )</u>	<u>\$ 81,619,727</u>
<b>Liabilities and Net Position</b>				
Current liabilities:				
Accounts payable	\$ 223,881	\$ 3,526	\$ -	\$ 227,407
Due to other funds	-	4,825	( 4,825 )	-
Accrued expenses	8,708	-	-	8,708
	<u>232,589</u>	<u>8,351</u>	<u>( 4,825 )</u>	<u>236,115</u>
Total liabilities				
Net Position				
Invested in capital assets	286,621	-	-	286,621
Restricted	72,096,274	9,000,717	-	81,096,991
Total net position	<u>72,382,895</u>	<u>9,000,717</u>	<u>-</u>	<u>81,383,612</u>
Total liabilities and net position				
	<u>\$ 72,615,484</u>	<u>\$ 9,009,068</u>	<u>\$( 4,825 )</u>	<u>\$ 81,619,727</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 Revenues, Expenses and Changes in Net Position

Year Ended September 30, 2014

	General Fund	Park Fund	Eliminations	Total
Operating revenues:				
Net increase in the fair value of investments	\$ 2,902,822	\$ 497,312	\$ -	\$ 3,400,134
Investment income, net	1,294,959	159,887	-	1,454,846
Interest income:				
Notes receivable	329,046	48,720	-	377,766
Other	900	-	-	900
	4,527,727	705,919	-	5,233,646
Recoveries through foreclosure of assets	135,345	-	-	135,345
Reversal of provision for doubtful accounts	10,266	-	-	10,266
Other income	2,461	376	-	2,837
Total operating revenues	4,675,799	706,295	-	5,382,094
Operating expenses:				
Money manager fees	194,889	29,472	-	224,361
Consultancy fees	117,083	13,873	-	130,956
Salaries and benefits	100,109	12,751	-	112,860
Money management administration	73,797	9,271	-	83,068
Contract services	63,864	8,136	-	72,000
Office supplies	50,080	6,292	-	56,372
Professional fees	55,264	-	-	55,264
Depreciation and amortization	41,570	-	-	41,570
Loan administration fee	34,879	-	-	34,879
Insurance	14,968	1,907	-	16,875
Audit	14,285	1,820	-	16,105
Rent and utilities	10,852	1,387	-	12,239
Trustees' expenses	10,145	1,317	-	11,462
Repairs and maintenance	1,483	-	-	1,483
Total operating expenses	783,268	86,226	-	869,494
Operating income	3,892,531	620,069	-	4,512,600
Non-operating revenues (expenses):				
Transfer in from DPL	1,303,852	-	-	1,303,852
Net distribution to the CNMI General Fund/American Memorial Park	( 844,111 )	( 143,411 )	-	( 987,522 )
Total non-operating revenues (expenses)	459,741	( 143,411 )	-	( 316,330 )
Increase in net position	4,352,272	476,658	-	4,828,930
Net position at beginning of year	68,030,623	8,524,059	-	76,554,682
Net position at end of year	\$ 72,382,895	\$ 9,000,717	\$ -	\$ 81,383,612

*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**

Year Ended September 30, 2014

	<u>General Fund</u>	<u>Park Fund</u>	<u>Eliminations</u>	<u>Total</u>
Cash flows from operating activities:				
Cash received from operations	\$ 1,548,180	\$ 155,199	\$ -	\$ 1,703,379
Cash payments to suppliers	( <u>683,418</u> )	( <u>84,155</u> )	-	( <u>767,573</u> )
Net cash provided by operating activities	<u>864,762</u>	<u>71,044</u>	-	<u>935,806</u>
Cash flows from noncapital financing activity:				
Cash received from DPL	<u>1,303,852</u>	-	-	<u>1,303,852</u>
Cash flows from capital and related financing activity:				
Acquisition of property and equipment	( <u>5,377</u> )	( - )	-	( <u>5,377</u> )
Cash flows from investing activities:				
Net decrease (increase) in notes receivable	399,563	( 6,811 )	-	392,752
Net increase in restricted assets	( <u>3,202,911</u> )	( <u>196,294</u> )	-	( <u>3,399,205</u> )
Net cash used in investing activities	( <u>2,803,348</u> )	( <u>203,105</u> )	-	( <u>3,006,453</u> )
Net decrease in cash and cash equivalents	( 640,111 )	( 132,061 )	-	( 772,172 )
Cash and cash equivalents at beginning of year	<u>2,188,688</u>	<u>284,514</u>	-	<u>2,473,202</u>
Cash and cash equivalents at end of year	<u>\$ 1,548,577</u>	<u>\$ 152,453</u>	<u>\$ -</u>	<u>\$ 1,701,030</u>



**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, 2014

	General Fund	Park Fund	Eliminations	Total
Reconciliation of operating income to net cash provided by operating activities:				
Operating income	\$ 3,892,531	\$ 620,069	\$ -	\$ 4,512,600
Adjustment to reconcile operating income to net cash provided by operating activities:				
Net increase in fair value of investments	( 2,902,822 )	( 497,312 )	-	( 3,400,134 )
Noncash interest income	( 70,180 )	( 48,720 )	-	( 118,900 )
Depreciation and amortization	41,570	-	-	41,570
Recovery of notes receivable	( 145,611 )	-	-	( 145,611 )
(Increase) decrease in assets:				
Receivable - accrued income	174,582	17,228	-	191,810
Other receivable	( 14,039 )	-	-	( 14,039 )
Due from othe funds	5,500	-	( 5,500 )	-
Due from brokers	988,777	115,697	-	1,104,474
Prepaid expense	36,688	-	-	36,688
Increase (decrease) in liabilities:				
Accounts payable	20,866	2,071	-	22,937
Due to other funds	-	( 5,500 )	5,500	-
Due to brokers	( 1,163,826 )	( 132,489 )	-	( 1,296,315 )
Accrued expenses	726	-	-	726
	<u>\$ 864,762</u>	<u>\$ 71,044</u>	<u>\$ -</u>	<u>\$ 935,806</u>

**Supplemental schedule of noncash operating, financing and investing activities:**

MPLT applied \$689,414 of the required income distribution to the CNMI General Fund for the year ended September 30, 2014 as a repayment of the CNMI's note receivable and related interest.

Decrease in notes receivable	\$( 644,312 )	\$ -	\$ -	\$( 644,312 )
Increase in interest income	( 45,102 )	-	-	( 45,102 )
Increase in net distribution	<u>689,414</u>	<u>-</u>	<u>-</u>	<u>689,414</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

MPLT applied \$143,411 of the required income distribution of the American Memorial Park Fund for the year ended September 30, 2014 as a repayment of CDA's note receivable and related interest

Decrease in notes receivable	\$ -	\$( 136,600 )	\$ -	\$( 136,600 )
Increase in interest income	-	( 6,811 )	-	( 6,811 )
Increase in net distribution	<u>-</u>	<u>143,411</u>	<u>-</u>	<u>143,411</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

**Schedule of Investments - General Fund**

September 30, 2014

	<u>Cost</u>	<u>Fair Value</u>
<b>Mutual Funds</b>		
Templeton Global Bond Adv	\$ 6,982,452	\$ 6,902,818
<b>Total Mutual Funds</b>	<u>6,982,452</u>	<u>6,902,818</u>
<b>Equities</b>		
<b>International Preferred Stock</b>		
Companhia Energetica de Minas Gerais	52,146	52,351
Vale S.A.	67,446	33,538
<b>Total International Preferred Stock</b>	<u>119,592</u>	<u>85,889</u>
<b>Domestic Common Stock</b>		
AbbVie Inc.	182,048	184,832
Access Midstream Partners, L.P.	191,146	194,102
Adobe Systems Incorporated	182,525	172,975
Agnaten SE	125,928	119,160
Alexandria Real Estate Equities, Inc.	102,656	95,875
American Airlines Group Inc.	71,248	62,267
American Express Company	129,762	119,930
American Realty Capital Properties, Inc.	171,425	166,428
American Residential Properties, LLC	21,011	20,174
American Tower Corporation	75,994	80,054
Anadarko Petroleum Corporation	346,865	343,715
Apple Inc.	294,384	318,874
AvalonBay Communities, Inc.	255,968	253,746
Banco Santander, S.A.	196,825	177,394
Bank of America Corporation	372,375	403,659
Biogen Idec Inc.	151,612	158,789
BioMed Realty Trust, Inc.	96,365	88,880
Boston Properties, Inc.	224,769	219,944
Brandywine Realty Trust	68,724	61,908
Buckeye Partners, L.P.	440,566	428,384
Camden Property Trust	102,705	95,942
Canadian Pacific Railway Limited	227,247	261,412
Capital One Financial Corporation	143,073	141,611
CBL & Associates Properties, Inc.	48,117	46,540
Celgene Corporation	45,480	49,760
Cisco Systems, Inc.	69,538	67,959
Citigroup Inc.	67,592	72,289
Comcast Corporation	276,953	274,547
ConocoPhillips	192,780	172,935
Corrections Corporation of America	80,250	79,028
Cousins Properties Incorporated	68,292	65,725
CubeSmart TRS, Inc.	85,254	82,708
CVS Caremark Corporation	176,014	184,649
DCP Midstream Partners, LP	242,018	231,685
DCT Industrial Trust Inc.	114,822	105,140

*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, 2014

	<u>Cost</u>	<u>Fair Value</u>
<b>Domestic Common Stock, continued</b>		
DDR Corp.	152,151	143,878
Deere & Company	135,120	122,985
Delta Air Lines, Inc.	72,213	68,324
Diageo plc	182,476	161,560
Digital Realty Trust, Inc.	40,777	43,666
Douglas Emmett, Inc.	116,466	105,247
Duke Realty Corporation	145,500	137,440
eBay Inc.	186,850	209,531
Ecolab Inc.	189,601	195,211
EMC Corporation	164,982	181,412
Enbridge Energy Partners, L.P.	35,144	34,965
Energy Transfer Equity, L.P.	1,090,713	1,143,752
EnLink Midstream Partners, LP	69,375	68,360
Enterprise Products Partners L.P.	652,093	678,813
EPR Properties	61,269	55,748
Equity Residential	373,978	363,322
Essex Property Trust, Inc.	203,148	196,625
Facebook, Inc.	96,568	113,422
First Republic Bank	155,288	138,264
General Dynamics Corporation	163,030	177,926
General Electric Company	166,320	161,406
General Growth Properties, Inc.	207,741	207,240
General Mills, Inc.	142,830	136,215
Genesis Energy, L.P.	157,609	152,709
Gilead Sciences, Inc.	168,682	211,836
Google Inc.	218,239	219,273
Halliburton Company	384,720	350,289
HCP, Inc.	107,487	103,246
Health Care REIT, Inc.	313,845	311,850
Healthcare Realty Trust Incorporated	91,278	85,248
Healthcare Trust of America, Inc.	44,514	42,920
Hewlett-Packard Company	139,724	142,767
Highwoods Properties, Inc.	83,067	77,800
Hilton Worldwide Holdings Inc.	54,806	59,112
Honeywell International Inc.	76,766	75,427
Hospira, Inc.	162,532	161,293
Host Hotels & Resorts, Inc.	333,200	319,950
Illinois Tool Works Inc.	166,003	160,398
ITC Holdings Corp.	168,960	171,024
Johnson & Johnson	110,794	111,920
JPMorgan Chase & Co.	349,375	366,560
Kilroy Realty Corporation	130,623	124,824
Kimco Realty Corporation	89,727	85,449
Kinder Morgan, Inc.	67,907	64,986
Lennar Corporation	187,220	170,852

*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, 2014

	<u>Cost</u>	<u>Fair Value</u>
<b>Domestic Common Stock, continued</b>		
Lexington Realty Trust	76,249	67,551
Liberty Property Trust	52,959	46,564
M&T Bank Corporation	149,964	147,948
Macy's, Inc.	104,558	104,142
Magellan Midstream Partners, L.P.	686,595	690,192
Marathon Petroleum Corporation	171,355	154,069
MarkWest Energy Partners, L.P.	311,195	339,929
Marsh & McLennan Companies, Inc.	72,580	73,276
Martin Marietta Materials, Inc.	157,431	161,175
MasterCard Incorporated	94,323	94,618
McKesson Corporation	190,514	195,643
Medtronic, Inc.	336,810	326,786
Merck & Co., Inc.	105,409	107,297
MetLife, Inc.	71,924	68,762
Micron Technology, Inc.	122,715	127,276
Microsoft Corporation	375,557	410,518
Mitsubishi UFJ Financial Group, Inc.	138,346	123,981
Mondelez International, Inc.	166,628	150,766
Morgan Stanley	161,307	167,319
Oiltanking Partners, L.P.	155,503	161,168
ONEOK, Inc.	276,112	267,837
Oracle Corporation	167,157	156,948
Oshkosh Corporation	153,468	119,205
Pebblebrook Hotel Trust	44,529	44,808
Phillips 66	320,546	308,515
Pioneer Natural Resources Company	183,051	157,576
Plains All American Pipeline, L.P.	622,863	617,736
Plains GP Holdings, L.P.	52,591	51,645
Post Properties, Inc.	80,319	77,010
Prologis, Inc.	324,651	297,830
Public Storage	223,981	215,592
Ralph Lauren Corporation	70,201	66,716
Ramco-Gershenson Properties Trust	54,671	53,625
Regency Centers Corporation	133,027	129,192
Regency Energy Partners LP	173,285	177,616
Roche Holding AG	55,953	56,225
Schlumberger N.V.	183,923	160,162
Simon Property Group, Inc.	577,271	566,747
SL Green Realty Corp.	196,833	182,376
Spectra Energy Corp.	296,551	276,351
Spirit Realty Capital, Inc.	103,288	99,827
Starwood Hotels & Resorts Worldwide, Inc.	141,333	144,785
Stichting Administratiekantoor Unilever N.V.	184,338	166,656
Strategic Hotels & Resorts, Inc.	50,298	50,095
Sun Communities, Inc.	66,905	67,165

*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, 2014

	Cost	Fair Value
<b>Domestic Common Stock, continued</b>		
Sunstone Hotel Investors, Inc.	75,493	70,482
Tanger Factory Outlet Centers, Inc.	21,027	19,632
Targa Resources Corp.	138,925	139,274
Taubman Centers, Inc.	67,957	65,700
TE Connectivity Ltd.	311,369	273,686
Tesoro Corporation	257,438	252,366
Texas Instruments Incorporated	160,017	157,377
The AES Corporation	130,788	119,112
The Allstate Corporation	209,613	219,398
The Blackstone Group L.P.	27,603	26,712
The Boeing Company	58,863	58,595
The Charles Schwab Corporation	179,155	192,064
The Dow Chemical Company	180,390	183,540
The Hershey Company	125,983	124,059
The Home Depot, Inc.	336,289	378,886
The Macerich Company	133,644	127,660
The Walt Disney Company	200,038	209,221
The Williams Companies, Inc.	208,295	198,983
Thermo Fisher Scientific Inc.	83,057	81,539
Time Warner Inc.	284,213	287,678
Twenty-First Century Fox, Inc.	179,712	177,108
UDR, Inc.	180,457	171,675
Union Pacific Corporation	69,017	74,810
United Technologies Corporation	145,343	132,528
Valero Energy Corporation	99,404	87,162
Ventas, Inc.	109,102	105,315
Vornado Realty Trust	257,478	239,904
Walgreen Co.	206,584	165,956
<b>Total Domestic Common Stock</b>	<b>26,929,363</b>	<b>26,589,699</b>
<b>International Common Stock</b>		
Akbank T.A.S.	68,161	52,896
Anheuser-Busch InBev	91,352	76,190
Baidu, Inc.	47,036	116,753
Banco Macro S.A.	18,436	45,591
BB Seguridade Participacoes S.A.	64,695	75,164
China Mobile Communications Corporation	94,997	104,105
Cielo S.A.	58,035	75,298
Clicks Group Limited	54,191	48,970
Commercial International Bank (Egypt) S.A.E.	24,678	52,516
Cukurova Telecom Holdings Ltd	57,846	48,316
Government of the Republic of Indonesia	186,186	183,493
Imperial Holdings	62,367	43,683
Jardine Matheson Holdings Limited	135,888	109,853
KB Financial Group Inc.	85,184	85,081

*See accompanying Report of Independent Auditors.*

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

**Schedule of Investments - General Fund, continued**

September 30, 2014

	Cost	Fair Value
<b>International Common Stock, continued</b>		
Kimberly - Clark de Mexico S.A.B. de C.V.	65,994	51,990
Koc Holding A.S.	80,808	80,157
Localiza Rent A Car S.A.	94,993	101,321
NetEase, Inc.	61,930	102,021
Old Mutual Public Limited Company	45,781	42,199
Oriflame Cosmetics SA	74,801	29,018
Philippine Long Distance Telephone Company	76,243	77,534
PPC Ltd.	59,576	38,423
Presidencia da Republica Federativa do Brasil	134,183	101,147
Repsol, S.A.	45,076	97,913
Sanlam Ltd	40,537	52,817
Shenhua Group Corporation Limited	48,719	50,288
Shinhan Financial Group Co Ltd	76,323	88,602
Shoprite Holdings	45,136	35,799
Sistema Joint Stock Financial Corporation	101,258	73,191
Standard Bank Group Limited	52,628	46,919
Stichting ING Aandelen	54,994	45,250
Taiwan Semiconductor Manufacturing Company Ltd.	87,819	114,078
Thailand, The Kingdom of	47,773	41,748
The Bidvest Group Limited	39,825	37,901
The Central Bank of the Russian Federation	146,947	99,578
The Central People's Government of the People's Republic of China	200,990	184,097
The Russian Federation, Government of	84,872	69,465
Tiger Brands Limited	45,825	42,909
Vodafone Group Public Limited Company	41,644	35,130
Weichai Power Co., Ltd.	57,509	50,243
Woolworths Pty Ltd	51,703	47,016
Wynn Resorts, Limited	42,604	51,246
<b>Total International Common Stock</b>	<b>3,055,543</b>	<b>3,005,905</b>
 <b>Total Equities</b>	 <b>30,104,498</b>	 <b>29,681,493</b>

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

**Schedule of Investments - General Fund, continued**

September 30, 2014

	<u>Cost</u>	<u>Fair Value</u>	<u>Ratings</u>
<b>Fixed Income Securities</b>			
<b>Asset and Mortgage Backed Securities</b>			
Federal Home @ 1.625%, due 3/27/2017	819,720	815,403	AA+
Federal Home @ 1.625%, due 4/28/2017	1,786,023	1,779,702	AA+
Federal Home @ 5.625%, due 6/13/2016	1,268,343	1,197,665	AA+
FG C91187 @ 5.500%, due 6/1/2028	576,943	574,878	AA+
FG G12213 @ 5.500%, due 3/1/2021	34,529	38,165	AA+
FG G13174 @ 5.000%, due 6/1/2023	56,854	60,172	AA+
FG G14011 @ 5.000%, due 7/1/2025	622,590	618,783	AA+
FG G14670 @ 5.000%, due 6/1/2026	320,455	321,369	AA+
FN 256105 @ 5.500%, due 2/1/2021	277,790	281,973	AA+
FN 603265 @ 5.500%, due 9/1/2016	1,885	1,985	AA+
FN 745506 @ 5.662%, due 2/1/2016	395,645	413,980	AA+
FN 868434 @ 5.500%, due 4/1/2021	430,024	434,631	AA+
FN 904529 @ 6.500%, due 1/1/2037	132,023	146,848	AA+
FN 995628 @ 5.500%, due 2/1/2029	384,541	391,994	AA+
FN AL0297 @ 5.000%, due 5/1/2026	363,623	356,926	AA+
Freddie Mac @ 1.500%, due 11/13/2017	<u>1,737,071</u>	<u>1,706,279</u>	AA+
<b>Total Asset and Mortgage Backed Securities</b>	<u>9,208,057</u>	<u>9,140,752</u>	
<b>Government Bonds</b>			
US Treasury @ 4.750%, due 8/15/2017	1,852,644	1,833,520	AA+
US Treasury @ 8.125%, due 8/15/2021	1,682,644	1,660,500	AA+
US Treasury @ 1.750%, due 5/15/2022	2,851,242	2,860,195	AA+
US Treasury @ 2.750%, due 8/15/2042	<u>3,275,970</u>	<u>3,504,656</u>	AA+
<b>Total Government Bonds</b>	<u>9,662,500</u>	<u>9,858,871</u>	
<b>Corporate Bonds</b>			
Access Midstream Partners LP @ 4.875%, due 5/15/2023	31,920	32,840	BB+
AFLAC Incorporated @ 8.500%, due 5/15/2019	548,876	518,912	A
Alliant Techsystems Inc. @ 6.875%, due 9/15/2020	64,678	66,650	B+
Ally Financial Inc. @ 8.000%, due 3/15/2020	43,130	44,270	BB
Antero Resources Finance Corporation @ 5.375%, due 11/1/2021	35,245	33,830	BB
Apple Inc. @ 3.450%, due 5/6/2024	414,149	414,075	AA+
AutoNation, Inc. @ 6.125%, due 3/9/2019	61,800	66,934	BBB-
B/E Aerospace, Inc. @ 5.250%, due 4/1/2022	64,565	67,883	BB
Ball Corporation @ 5.000%, due 3/15/2022	34,325	34,170	BB+
Bank of America Corporation @ 5.700%, due 1/24/2022	535,957	544,227	A-
Catamaran Corporation @ 4.750%, due 3/15/2021	69,220	65,408	BB+
CBRE Services, Inc. @ 5.000%, due 3/15/2023	67,962	67,313	BB
CCO HLDGS, LLC @ 6.000%, due 2/19/2023	100,438	102,588	B
Chesapeake Energy Corporation @ 6.125%, due 2/15/2021	32,063	32,625	BB+
Cinemark USA, Inc. @ 5.125%, due 12/15/2022	34,720	34,388	BB-
CIT Group Inc. @ 5.000%, due 8/15/2022	67,135	65,163	BB-
Citigroup Inc. @ 4.050%, due 7/30/2022	492,983	491,223	BBB+

*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, 2014

	Cost	Fair Value	Ratings
<b>Corporate Bonds, continued</b>			
Community Health Systems, Inc. @ 7.125%, due 7/15/2020	31,659	32,860	B-
Crown Amers, LLC @ 6.250%, due 2/1/2021	33,028	31,500	BB-
CSC Holdings, LLC @ 7.625%, due 7/15/2018	30,880	32,408	BB
DaVita HealthCare Partners Inc. @ 5.750%, due 8/15/2022	35,434	34,196	B+
Delphi Corporation @ 5.000%, due 2/15/2023	34,900	34,272	BBB-
DISH DBS Corporation @ 5.875%, due 7/15/2022	101,753	95,880	BB-
Dynegy Inc. @ 5.875%, due 6/1/2023	34,900	32,638	B+
El Paso Corporation @ 7.000%, due 6/15/2017	63,000	66,150	BB
Energy Transfer Equity, L.P. @ 7.500%, due 10/15/2020	62,130	64,525	BB
Everst Acquisition, LLC @ 9.375%, due 5/1/2020	33,938	32,700	B
First Data Corporation @ 12.625%, due 1/15/2021	34,670	34,728	B-
General Electric Company @ 4.650%, due 10/17/2021	394,093	385,515	AA+
General Motors Financial Company, Inc. @ 3.750%, due 11/13/2020	68,988	69,303	BBB-
GenOn Escrow Corp. @ 9.875%, due 10/15/2020	31,405	32,240	B
Graphic Packaging International, Inc. @ 4.750%, due 4/15/2021	33,595	33,915	BB+
H. J. Heinz Company @ 4.250%, due 10/15/2020	102,570	101,363	NA
Halcon Resources Corporation @ 8.875%, due 5/15/2021	31,140	29,550	CCC+
HCA Inc. @ 4.500%, due 3/15/2022	102,583	100,130	BB
Huntington Ingalls Industries, Inc. @ 6.875%, due 3/15/2018	68,030	66,880	BB-
Icahn Enterprise LP @ 6.000%, due 8/1/2020	34,238	32,880	BBB-
Intelsat Jackson Holdings S.A. @ 7.250%, due 4/1/2019	68,507	67,724	B+
International Business Machines Corporation @ 3.625%, due 2/12/2024	293,980	290,834	AA-
International Lease Finance Corporation @ 8.250%, due 12/15/2020	33,250	33,075	BB+
Iron Mountain Incorporated @ 7.500%, due 8/15/2022	70,023	67,664	B-
iStar Financial Inc. @ 5.000%, due 7/1/2019	37,046	35,613	B+
JPMorgan Chase & Co. @ 4.500%, due 1/24/2022	249,725	251,786	A
Kinetic Concepts Inc. @ 10.500%, due 11/1/2018	32,700	32,625	B-
L Brands, Inc. @ 6.625%, due 4/1/2021	35,140	34,100	BB+
Lamar Media Corp. @ 5.000%, due 5/1/2023	34,123	32,725	BB-
Level 3 Financing, Inc. @ 7.375%, due 2/10/2020	100,438	98,674	B-
Linn Energy LLC @ 7.750%, due 2/1/2021	31,699	31,233	B
Markwest Energy Partners LP @ 6.125%, due 12/24/2021	100,271	100,223	BB
Masco Corporation @ 5.950%, due 3/15/2022	30,186	32,775	BBB-
MetLife, Inc. @ 4.368%, due 9/15/2023	439,174	454,325	A-
MGM Resorts International @ 6.750%, due 10/1/2020	37,443	36,210	B+
Morgan Stanley @ 5.750%, due 1/25/2021	291,488	284,050	A-
Nationstar MTG, LLC @ 6.500%, due 7/1/2021	33,115	33,338	B+
Nielsen Fin, LLC @ 4.500%, due 10/1/2020	69,039	65,790	BB
NRG Energy, Inc. @ 6.625%, due 3/15/2023	65,608	64,890	BB-
Peabody Energy Corporation @ 6.500%, due 9/15/2020	35,406	32,725	BB-
Post Holdings, Inc. @ 7.375%, due 2/15/2022	99,830	92,070	B
Range Resources Corporation @ 6.400%, due 2/8/2021	67,755	67,670	BB
Sally HLDGS LLC @ 5.750%, due 6/1/2022	34,175	32,640	BB+
SandRidge Energy, Inc. @ 7.500%, due 3/15/2021	31,880	31,200	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, 2014

	<u>Cost</u>	<u>Fair Value</u>	<u>Ratings</u>
<b>Corporate Bonds, continued</b>			
Reynolds Group Issuer Inc. @ 5.750%, due 10/15/2020	32,670	33,578	B+
Sears Holdings Corporation @ 6.625%, due 10/15/2018	60,446	67,125	B-
SLM Corporation @ 5.500%, due 1/25/2023	32,988	33,644	BB
Sprint Capital Corporation @ 6.875%, due 11/15/2028	33,278	32,470	BB-
Sprint Communications, Inc. @ 6.000%, due 11/15/2022	34,765	32,980	BB-
Targa Res Partners LP @ 5.250%, due 5/1/2023	34,633	34,680	BB+
Tenet Healthcare Corporation @ 4.750%, due 6/1/2020	33,731	33,745	B+
The Bank of New York Mellon Corporation @ 4.950%, due 3/15/2015	149,110	158,227	A
The Goldman Sachs Group, Inc. @ 5.250%, due 7/27/2021	318,097	315,951	A-
The Hertz Corporation @ 6.750%, due 4/15/2019	34,835	33,000	B
The PNC Financial Services Group, Inc. @ 3.300%, due 3/8/2022	440,772	457,430	A-
T-Mobile USA, Inc. @ 6.208%, due 9/11/2021	65,970	63,955	BB
TransDigm Inc. @ 5.500%, due 10/15/2020	33,915	32,980	CCC+
Triumph Group, Inc. @ 4.875%, due 4/1/2021	34,968	34,300	BB-
tw telecom holdings inc. @ 5.375%, due 10/1/2022	32,428	36,550	BB-
United Rentals (North America), Inc. @ 5.750%, due 11/15/2024	35,395	34,425	BB-
Wells Fargo & Company @ 3.450%, due 2/13/2023	508,803	506,060	A
Wynn Las Vegas LLC @ 7.875%, due 5/1/2020	33,853	32,860	BBB-
Zayo Group LLC @ 8.125%, due 1/1/2020	33,525	32,175	B
<b>Total Corporate Bonds</b>	<u>8,368,275</u>	<u>8,336,216</u>	
<b>Total Mutual Funds</b>	6,982,452	6,902,818	
<b>Total Equities</b>	<u>30,104,498</u>	<u>29,681,493</u>	
<b>Total Fixed Income Securities</b>	<u>27,238,832</u>	<u>27,335,839</u>	
<b>Total Mutual Funds, Equities and Fixed Income Securities</b>	<u>\$ 64,325,782</u>	<u>\$ 63,920,150</u>	

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

**Schedule of Investments - Park Fund**

September 30, 2014

	Cost	Fair Value
<b>Mutual Funds</b>		
Templeton Global Bond Adv	\$ 864,224	\$ 852,939
<b>Total Mutual Funds</b>	864,224	852,939
<b>Equities</b>		
<b>International Preferred Stock</b>		
Companhia Energetica de Minas Gerais	6,254	7,052
Vale S.A.	9,655	4,515
<b>Total International Preferred Stock</b>	15,909	11,567
<b>Domestic Common Stock</b>		
AbbVie Inc.	24,463	24,837
Access Midstream Partners, L.P.	25,695	26,092
Adobe Systems Incorporated	24,823	23,525
Agnaten SE	16,790	15,888
Alexandria Real Estate Equities, Inc.	13,136	12,243
American Airlines Group Inc.	9,535	8,338
American Express Company	17,522	16,195
American Realty Capital Properties, Inc.	23,289	22,456
American Residential Properties, LLC	2,443	2,384
American Tower Corporation	10,221	10,767
Anadarko Petroleum Corporation	46,502	46,079
Apple Inc.	39,524	42,819
AvalonBay Communities, Inc.	33,457	33,269
Bank of America Corporation	50,177	54,390
Biogen Idec Inc.	20,509	21,503
BioMed Realty Trust, Inc.	13,277	12,322
Boston Properties, Inc.	30,408	29,866
Brandywine Realty Trust	9,460	8,498
Buckeye Partners, L.P.	59,299	57,659
Camden Property Trust	13,929	13,021
Capital One Financial Corporation	19,381	19,181
CBL & Associates Properties, Inc.	6,443	6,229
Celgene Corporation	6,063	6,635
Cisco Systems, Inc.	9,271	9,061
Citigroup Inc.	9,204	9,846
Comcast Corporation	37,158	36,839
ConocoPhillips	26,020	23,339
Corrections Corporation of America	10,986	10,789
Cousins Properties Incorporated	9,231	8,915
CubeSmart TRS, Inc.	11,356	11,112
CVS Caremark Corporation	23,517	24,673
DCP Midstream Partners, LP	32,705	31,309
DCT Industrial Trust Inc.	15,412	14,224
DDR Corp.	21,772	20,678
Deere & Company	18,016	16,398

*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, 2014

	<u>Cost</u>	<u>Fair Value</u>
<b>Domestic Common Stock, continued</b>		
Delta Air Lines, Inc.	9,743	9,218
Digital Realty Trust, Inc.	5,671	6,113
Douglas Emmett, Inc.	16,317	14,837
Duke Realty Corporation	19,685	18,726
eBay Inc.	25,250	28,315
Ecolab Inc.	24,537	25,263
EMC Corporation	22,352	24,578
Enbridge Energy Partners, L.P.	4,725	4,701
Energy Transfer Equity, L.P.	146,786	153,927
EnLink Midstream Partners, LP	9,271	9,135
Enterprise Products Partners L.P.	87,764	91,360
EPR Properties	8,572	7,805
Equity Residential	48,791	47,786
Essex Property Trust, Inc.	26,582	25,740
Facebook, Inc.	13,124	15,413
First Republic Bank	21,075	18,764
General Dynamics Corporation	22,126	24,147
General Electric Company	22,440	21,777
General Growth Properties, Inc.	27,627	27,648
General Mills, Inc.	19,573	18,667
Genesis Energy, L.P.	21,188	20,530
Gilead Sciences, Inc.	22,912	28,742
Google Inc.	29,677	29,821
Halliburton Company	51,712	47,092
HCP, Inc.	14,187	13,660
Health Care REIT, Inc.	42,655	42,412
Healthcare Realty Trust Incorporated	12,064	11,319
Healthcare Trust of America, Inc.	5,081	4,918
Hewlett-Packard Company	18,921	19,331
Highwoods Properties, Inc.	11,382	10,659
Hilton Worldwide Holdings Inc.	8,018	8,473
Honeywell International Inc.	10,419	10,243
Hospira, Inc.	21,496	21,332
Host Hotels & Resorts, Inc.	44,585	43,129
Illinois Tool Works Inc.	21,843	21,105
ITC Holdings Corp.	22,880	23,160
Johnson & Johnson	14,773	14,923
JPMorgan Chase & Co.	47,077	49,397
Kilroy Realty Corporation	18,878	18,070
Kimco Realty Corporation	12,153	11,612
Kinder Morgan, Inc.	9,213	8,818
Lennar Corporation	25,105	22,910
Lexington Realty Trust	10,259	9,124
Liberty Property Trust	7,029	6,186

*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, 2014

	<u>Cost</u>	<u>Fair Value</u>
<b>Domestic Common Stock, continued</b>		
M&T Bank Corporation	19,995	19,726
Macy's, Inc.	14,018	13,963
Magellan Midstream Partners, L.P.	92,363	92,851
Marathon Petroleum Corporation	23,074	20,747
MarkWest Energy Partners, L.P.	41,844	45,708
Marsh & McLennan Companies, Inc.	9,850	9,945
Martin Marietta Materials, Inc.	21,411	21,920
MasterCard Incorporated	12,527	12,566
McKesson Corporation	25,595	26,280
Medtronic, Inc.	45,327	43,985
Merck & Co., Inc.	14,267	14,524
MetLife, Inc.	9,552	9,132
Micron Technology, Inc.	16,519	17,130
Microsoft Corporation	50,888	55,632
Mondelez International, Inc.	22,343	20,216
Morgan Stanley	21,664	22,471
Oiltanking Partners, L.P.	20,955	21,720
ONEOK, Inc.	37,166	36,053
Oracle Corporation	22,424	21,054
Oshkosh Corporation	20,462	15,894
Pebblebrook Hotel Trust	7,260	7,319
Phillips 66	42,840	41,220
Pioneer Natural Resources Company	22,881	19,697
Plains All American Pipeline, L.P.	83,978	83,287
Plains GP Holdings, L.P.	7,023	6,896
Post Properties, Inc.	10,872	10,473
Prologis, Inc.	43,749	40,188
Public Storage	30,048	29,188
Ralph Lauren Corporation	9,531	9,060
Ramco-Gershenson Properties Trust	6,932	6,825
Regency Centers Corporation	17,985	17,549
Regency Energy Partners LP	23,391	23,976
Schlumberger N.V.	25,104	21,863
Simon Property Group, Inc.	77,530	76,611
SL Green Realty Corp.	25,515	23,709
Spectra Energy Corp.	39,896	37,179
Spirit Realty Capital, Inc.	13,846	13,383
Starwood Hotels & Resorts Worldwide, Inc.	18,667	19,138
Strategic Hotels & Resorts, Inc.	7,989	7,969
Sun Communities, Inc.	9,056	9,191
Sunstone Hotel Investors, Inc.	9,993	9,287
Tanger Factory Outlet Centers, Inc.	2,578	2,421
Targa Resources Corp.	18,764	18,811
Taubman Centers, Inc.	9,504	9,198

*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, 2014

	Cost	Fair Value
<b>Domestic Common Stock, continued</b>		
Tesoro Corporation	34,654	33,970
Texas Instruments Incorporated	21,336	20,984
The AES Corporation	17,594	16,023
The Allstate Corporation	28,145	29,458
The Blackstone Group L.P.	3,652	3,562
The Boeing Company	7,678	7,643
The Charles Schwab Corporation	24,124	25,863
The Dow Chemical Company	24,224	24,647
The Hershey Company	16,475	16,223
The Home Depot, Inc.	45,190	50,916
The Macerich Company	18,069	17,362
The Walt Disney Company	26,818	28,044
The Williams Companies, Inc.	28,101	26,845
Thermo Fisher Scientific Inc.	11,156	10,953
Time Warner Inc.	38,646	39,109
Twenty-First Century Fox, Inc.	24,359	24,003
UDR, Inc.	24,718	23,599
Union Pacific Corporation	9,505	10,300
United Technologies Corporation	19,688	17,952
Valero Energy Corporation	13,382	11,738
Ventas, Inc.	14,544	14,125
Vornado Realty Trust	34,643	32,587
Walgreen Co.	28,036	22,523
<b>Total Domestic Common Stock</b>	3,448,427	3,416,642
<b>International Common Stock</b>		
Akbank T.A.S.	9,471	7,127
Anheuser-Busch InBev	11,669	10,257
Baidu, Inc.	6,328	15,713
Banco Macro S.A.	2,868	6,140
Banco Santander, S.A.	26,562	23,940
BB Seguridade Participacoes S.A.	8,804	10,129
Canadian Pacific Railway Limited	30,659	35,270
China Mobile Communications Corporation	12,709	14,041
Cielo S.A.	7,275	10,271
Clicks Group Limited	7,296	6,597
Commercial International Bank (Egypt) S.A.E.	3,606	7,413
Cukurova Telecom Holdings Ltd	7,624	6,504
Diageo plc	24,765	21,926
Semen Indone - Unspn	27,546	27,284
Imperial Holdings	8,335	5,893
Jardine Matheson Holdings Limited	17,877	14,794
KB Financial Group Inc.	11,522	11,446
Kimberly - Clark de Mexico S.A.B. de C.V.	8,085	7,004

*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, 2014

	Cost	Fair Value
<b>International Common Stock, continued</b>		
Koc Holding A.S.	10,225	10,801
Localiza Rent A Car S.A.	13,751	13,644
Mitsubishi UFJ Financial Group, Inc.	18,655	16,718
NetEase, Inc.	8,064	13,791
Old Mutual Public Limited Company	5,973	5,682
Oriflame Cosmetics SA	10,450	3,910
Philippine Long Distance Telephone Company	9,996	10,416
PPC Ltd.	7,675	5,176
Presidencia da Republica Federativa do Brasil	18,767	13,629
Repsol, S.A.	5,949	13,205
Roche Holding AG	7,548	7,583
Sanlam Ltd	5,140	7,110
Shenhua Group Corporation Limited	6,522	6,766
Shinhan Financial Group Co Ltd	10,290	11,911
Shoprite Holdings	5,517	4,824
Sistema Joint Stock Financial Corporation	13,622	9,860
Standard Bank Group Limited	7,227	6,315
Stichting Administratiekantoor Unilever N.V.	25,017	22,618
Stichting ING Aandelen	7,279	6,108
Taiwan Semiconductor Manufacturing Company Ltd.	11,215	15,357
TE Connectivity Ltd.	42,150	37,044
Thailand, The Kingdom of	5,446	4,740
The Bidvest Group Limited	5,209	5,090
The Central Bank of the Russian Federation	20,075	13,407
CNOOC LTD	27,283	24,727
Gazprom OAO - Spon	11,982	9,360
Tiger Brands Limited	5,798	5,794
Vodafone Group Public Limited Company	5,584	4,737
Weichai Power Co., Ltd.	8,182	6,765
Woolworths Pty Ltd	7,796	6,324
Wynn Resorts, Limited	5,735	6,899
<b>Total International Common Stock</b>	<b>587,122</b>	<b>572,062</b>
<b>Total Equities</b>	<b>4,051,458</b>	<b>4,000,271</b>

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

**Schedule of Investments - Park Fund, continued**

September 30, 2014

	<u>Cost</u>	<u>Fair Value</u>	<u>Ratings</u>
<b>Fixed Income Securities</b>			
<b>Asset and Mortgage Backed Securities</b>			
FANNIE MAE @ 1.000%, due 9/20/2017	69,853	69,565	AA+
FEDERAL HOME LOAN BANK @ 1.625%, due 4/28/2017	222,603	221,833	AA+
FEDERAL HOME LOAN BK IL @ 5.625%, due 6/13/2016	226,742	211,353	AA+
FG C91187 @ 5.500%, due 6/1/2028	104,144	103,771	AA+
FG G13174 @ 5.000%, due 6/1/2023	6,427	6,802	AA+
FG G14011 @ 5.000%, due 7/1/2025	65,739	65,337	AA+
FG G14670 @ 5.000%, due 6/1/2026	52,488	52,638	AA+
FN 256896 @ 5.500%, due 9/1/2027	22,824	23,664	AA+
FN 257325 @ 5.500%, due 8/1/2028	37,041	37,558	AA+
FN 603265 @ 5.500%, due 9/1/2016	283	298	AA+
FN 745506 @ 5.662%, due 2/1/2016	41,647	43,577	AA+
FN 868434 @ 5.500%, due 4/1/2021	44,987	45,469	AA+
FN 995628 @ 5.500%, due 2/1/2029	25,923	26,420	AA+
FREDDIE MAC @ 1.000%, due 5/4/2017	136,282	135,059	AA+
LBUBS 2006-C1 A4 @ 5.156%, due 2/15/2031	43,513	41,449	AAA
<b>Total Asset and Mortgage Backed Securities</b>	<u>1,100,496</u>	<u>1,084,792</u>	
<b>Government Bonds</b>			
US Treasury @ 4.500%, due 5/15/2017	60,616	60,070	AA+
US Treasury @ 4.750%, due 8/15/2017	262,790	259,565	AA+
US Treasury @ 8.125%, due 8/15/2021	168,061	166,050	AA+
US Treasury @ 1.750%, due 5/15/2022	229,397	230,738	AA+
US Treasury @ 2.750%, due 8/15/2042	401,329	421,475	AA+
<b>Total Government Bonds</b>	<u>1,122,193</u>	<u>1,137,898</u>	
<b>Corporate Bonds</b>			
Access Midstream Partners LP @ 4.875%, due 5/15/2023	4,988	5,131	BB+
AFLAC Incorporated @ 8.500%, due 5/15/2019	40,214	37,969	A
Alliant Techsystems Inc. @ 6.875%, due 9/15/2020	8,450	8,600	B+
Ally Financial Inc. @ 8.000%, due 3/15/2020	7,945	8,155	BB
Antero Resources Finance Corporation @ 5.375%, due 11/1/2021	4,153	3,980	BB
Apple Inc. @ 3.450%, due 5/6/2024	35,354	35,348	AA+
AutoNation, Inc. @ 6.125%, due 3/9/2019	8,320	9,129	BBB-
B/E Aerospace, Inc. @ 5.250%, due 4/1/2022	8,198	8,620	BB
Ball Corporation @ 5.000%, due 3/15/2022	5,048	5,025	BB+
Bank of America Corporation @ 5.700%, due 1/24/2022	33,850	34,372	A-
Catamaran Corporation @ 4.750%, due 3/15/2021	9,169	8,657	BB+
CBRE Services, Inc. @ 5.000%, due 3/15/2023	8,889	8,909	BB
CCO HLDGS, LLC @ 6.000%, due 2/19/2023	13,018	13,315	B
Chesapeake Energy Corporation @ 6.125%, due 2/15/2021	4,275	4,350	BB+
Cinemark USA, Inc. @ 5.125%, due 12/15/2022	3,940	3,930	BB-
CIT Group Inc. @ 5.000%, due 8/15/2022	9,293	9,023	BB-
Citigroup Inc. @ 4.050%, due 7/30/2022	71,465	70,898	BBB+

*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, 2014

	<u>Cost</u>	<u>Fair Value</u>	<u>Ratings</u>
<b>Corporate Bonds, continued</b>			
Community Health Systems, Inc. @ 7.125%, due 7/15/2020	4,085	4,240	B-
Crown Amers, LLC @ 6.250%, due 2/1/2021	5,491	5,250	BB-
CSC Holdings, LLC @ 7.625%, due 7/15/2018	4,505	4,470	BB
DaVita HealthCare Partners Inc. @ 5.750%, due 8/15/2022	4,295	4,145	B+
Delphi Corporation @ 5.000%, due 2/15/2023	5,463	5,355	BBB-
DISH DBS Corporation @ 5.875%, due 7/15/2022	14,018	13,260	BB-
Dynegy Inc. @ 5.875%, due 6/1/2023	4,988	4,663	B+
El Paso Corporation @ 7.000%, due 6/15/2017	8,230	8,820	BB
Energy Transfer Equity, L.P. @ 7.500%, due 10/15/2020	8,655	8,900	BB
Everst Acquisition, LLC @ 9.375%, due 5/1/2020	4,525	4,360	B
First Data Corporation @ 12.625%, due 1/15/2021	4,833	4,790	B-
General Electric Company @ 4.650%, due 10/17/2021	45,039	44,059	AA+
General Motors Financial Company, Inc. @ 3.750%, due 11/13/2020	10,000	10,044	BBB-
GenOn Escrow Corp. @ 9.875%, due 10/15/2020	4,060	4,160	B
Graphic Packaging International, Inc. @ 4.750%, due 4/15/2021	4,938	4,988	BB+
H. J. Heinz Company @ 4.250%, due 10/15/2020	14,083	13,913	NA
Halcon Resources Corporation @ 8.875%, due 5/15/2021	4,138	3,940	CCC+
HCA Inc. @ 4.500%, due 3/15/2022	14,096	13,741	BB
Huntington Ingalls Industries, Inc. @ 6.875%, due 3/15/2018	9,648	9,405	BB-
Icahn Enterprise LP @ 6.000%, due 8/1/2020	4,275	4,110	BBB-
Intelsat Jackson Holdings S.A. @ 7.250%, due 4/1/2019	8,480	8,335	B+
International Business Machines Corporation @ 3.625%, due 2/12/2024	30,945	30,614	AA-
International Lease Finance Corporation @ 8.250%, due 12/15/2020	8,175	8,269	BB+
Iron Mountain Incorporated @ 7.500%, due 8/15/2022	9,334	9,071	B-
iStar Financial Inc. @ 5.000%, due 7/1/2019	4,005	3,850	B+
JPMorgan Chase & Co. @ 4.500%, due 1/24/2022	37,193	37,500	A
Kinetic Concepts Inc. @ 10.500%, due 11/1/2018	4,360	4,350	B-
L Brands, Inc. @ 6.625%, due 4/1/2021	4,513	4,400	BB+
Lamar Media Corp. @ 5.000%, due 5/1/2023	4,020	3,850	BB-
Level 3 Financing, Inc. @ 7.375%, due 2/10/2020	12,955	12,735	B-
Linn Energy LLC @ 7.750%, due 2/1/2021	4,090	4,030	B
Markwest Energy Partners LP @ 6.125%, due 12/24/2021	13,570	13,422	BB
Masco Corporation @ 5.950%, due 3/15/2022	4,991	5,463	BBB-
MetLife, Inc. @ 4.368%, due 9/15/2023	56,665	58,795	A-
MGM Resorts International @ 6.750%, due 10/1/2020	4,405	4,260	B+
Morgan Stanley @ 5.750%, due 1/25/2021	40,786	39,767	A-
Nationstar MTG, LLC @ 6.500%, due 7/1/2021	4,728	4,763	B+
Nielsen Fin, LLC @ 4.500%, due 10/1/2020	10,164	9,675	BB
NRG Energy, Inc. @ 6.625%, due 3/15/2023	8,343	8,240	BB-
Peabody Energy Corporation @ 6.500%, due 9/15/2020	5,013	4,675	BB-
Post Holdings, Inc. @ 7.375%, due 2/15/2022	13,925	12,870	B
Range Resources Corporation @ 6.400%, due 2/8/2021	8,201	8,330	BB
Reynolds Group Issuer Inc. @ 5.750%, due 10/15/2020	3,960	4,070	B+
Sally HLDGS LLC @ 5.750%, due 6/1/2022	4,270	4,080	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 - Park Fund, continued**

September 30, 2014

	<u>Cost</u>	<u>Fair Value</u>	<u>Ratings</u>
<b>Corporate Bonds, continued</b>			
SandRidge Energy, Inc. @ 7.500%, due 3/15/2021	3,985	3,900	B-
Sears Holdings Corporation @ 6.625%, due 10/15/2018	8,056	8,950	B-
SLM Corporation @ 5.500%, due 1/25/2023	4,713	4,806	BB
Sprint Capital Corporation @ 6.875%, due 11/15/2028	3,915	3,924	BB-
Sprint Communications, Inc. @ 6.000%, due 11/15/2022	4,090	3,776	BB-
Targa Res Partners LP @ 5.250%, due 5/1/2023	3,000	3,060	BB+
Tenet Healthcare Corporation @ 4.750%, due 6/1/2020	3,975	3,970	B+
The Goldman Sachs Group, Inc. @ 5.250%, due 7/27/2021	56,487	55,430	A-
The Hertz Corporation @ 6.750%, due 4/15/2019	4,380	4,125	B
The PNC Financial Services Group, Inc. @ 3.300%, due 3/8/2022	57,586	60,320	A-
T-Mobile USA, Inc. @ 6.208%, due 9/11/2021	8,393	8,120	BB
TransDigm Inc. @ 5.500%, due 10/15/2020	3,990	3,880	CCC+
Triumph Group, Inc. @ 4.875%, due 4/1/2021	3,000	2,940	BB-
tw telecom holdings inc. @ 5.375%, due 10/1/2022	3,815	4,300	BB-
United Rentals (North America), Inc. @ 5.750%, due 11/15/2024	4,170	4,050	BB-
Wells Fargo & Company @ 3.450%, due 2/13/2023	60,081	58,958	A
Wynn Las Vegas LLC @ 7.875%, due 5/1/2020	4,425	4,240	BBB-
Zayo Group LLC @ 8.125%, due 1/1/2020	4,470	4,290	B
<b>Total Corporate Bonds</b>	<u>1,005,547</u>	<u>1,000,475</u>	
<b>Total Mutual Funds</b>	<u>864,224</u>	<u>852,939</u>	
<b>Total Equities</b>	<u>4,051,458</u>	<u>4,000,271</u>	
<b>Total Fixed Income Securities</b>	<u>3,228,236</u>	<u>3,223,165</u>	
<b>Total Mutual Funds, Equities and Fixed Income Securities</b>	<u>\$ 8,143,918</u>	<u>\$ 8,076,375</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, 2014

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Money manager fees	\$ 196,484	\$ 224,361	\$( 27,877)
Money management administration	154,076	83,068	71,008
Consultancy fees	125,000	130,956	( 5,956)
Salaries and benefits	113,076	112,860	216
Contract services	72,000	72,000	---
Office expense	61,769	56,372	5,397
Professional fees	60,227	55,264	4,963
Depreciation	41,090	41,570	( 480)
Loan administration fee	40,590	34,879	5,711
Insurance	16,658	16,875	( 217)
Audit	15,000	16,105	( 1,105)
Rent and utilities	13,276	12,239	1,037
Trustees' expenses	10,710	11,462	( 752)
Repairs and maintenance	<u>1,335</u>	<u>1,483</u>	<u>( 148)</u>
 Total	 <u>\$ 921,291</u>	 <u>\$ 869,494</u>	 <u>\$ 51,797</u>