

MARIANAS PUBLIC LAND TRUST  
(A COMPONENT UNIT OF THE COMMONWEALTH  
OF THE NORTHERN MARIANA ISLANDS)

FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REPORT

YEARS ENDED SEPTEMBER 30, 2012 AND 2011

## INDEPENDENT AUDITORS' REPORT

Board of Trustees  
Marianas Public Land Trust:

We have audited the accompanying statements of net assets of the Marianas Public Land Trust (MPLT), a component unit of the Commonwealth of the Northern Mariana Islands (CNMI), as of September 30, 2012 and 2011, and the related statements of revenues, expenses and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of MPLT's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of MPLT's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Marianas Public Land Trust as of September 30, 2012 and 2011, and changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 9, 2013 on our consideration of MPLT'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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 9 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 who 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 of America, 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.

Our audits were conducted for the purpose of forming an opinion on the Marianas Public Land Trust's financial statements. The Combining Statement of Net Assets, the Combining Statement of Revenues, Expenses and Changes in Net Assets and the Combining Statement of Cash Flows (pages 32 through 34), the Schedule of Investments - General Fund (pages 35 through 41), the Schedule of Investments - Park Fund (pages 42 through 48) and the Schedule of Administrative Expenses (page 49) are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Combining Statement of Net Assets, the Combining Statement of Revenues, Expenses and Changes in Net Assets, the Combining Statement of Cash Flows, the Schedule of Investments - General Fund, the Schedule of Investments - Park Fund and the Schedule of Administrative Expenses are fairly stated in all material respects in relation to the financial statements as a whole.

*Deboite & Touche LLC*

September 9, 2013



# **MARIANAS PUBLIC LAND TRUST**

COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS

## **Management's Discussion and Analysis Year Ended September 30, 2012**

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, 2012. This Management's Discussion and Analysis (MD&A) 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 (CNMI) 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 defensive responsibilities. These lands consist of 7,203 hectares on Tinian, 72 hectares at Tanapag Harbor in Saipan, and the entire island of Farallon de Medinilla.

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

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

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

Furthermore, Section 803 provides for over 53 hectares of the leased property at Tanapag Harbor to be made available to the United States, at no cost to the Commonwealth, to establish an American Memorial Park to honor the Americans and Chamorros who died 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, 2012, 2011 and 2010.

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

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

- Total liabilities for 2012 increased by \$278,251 from 2011 due to an increase in due to brokers resulting from a change in money managers and the sale of investments. This offset was 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 amounts in 2011.

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

- The above changes resulted in an increase in net assets of \$5,663,936 for 2012, a decrease in net assets of \$3,619,801 for 2011 and an increase in net assets of \$2,941,273 for 2010.
- 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 net operating revenues for 2012, 2011 and 2010 were \$7,630,783, \$(257,861) and \$5,565,526, respectively.
- The total performance of MPLT for 2012 was 11.3% as the economy experienced a slow recovery, 2011 was 0.55% as the security markets showed no growth for the year, and 2010 was 8% as growth was minimal.
- The overall administrative costs decreased in 2012 by 11% or \$101,108 as impairment loss was minimal and increased in 2011 by 14% or \$112,291. This was due primarily to the recognition of an impairment loss from the decline in value of the land held for future development. Otherwise, the administrative costs would have decreased by \$28,709.

Below the MD&A discusses operations of the General Fund and Park Fund separately as the purposes of the two funds are distinct.

## MPLT General Fund Operations

Investment income (excluding net increase in the fair value of investments) for 2012, 2011 and 2010 was \$2,624,126, \$2,942,976 and \$2,345,965, respectively.

Recorded distributions to the CNMI General Fund for 2012, 2011 and 2010 were \$1,894,921, \$2,248,926 and \$1,625,996, respectively. The cumulative amount distributed to the CNMI General Fund since inception in 1983 is \$51,868,580. This has occurred while growing the principal fund by \$36,587,164 for the same time-period. The General Fund's annual return for 2012 was 11.03%, for 2011 was 0.67% and for 2010 was 8.02%.

The loan made to the Northern Marianas Housing Corporation (NMHC) became nonperforming 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, 2012 (net current value of \$3,527,629). Interest on this investment is being recognized based upon collections.

### **General Fund Condensed Financial Statements Summaries:**

#### STATEMENTS OF NET ASSETS

Assets	2012	2011	2010
Current assets	\$ 9,702,628	\$ 3,580,828	\$ 1,960,746
Other assets, restricted	52,736,865	52,003,958	54,209,128
Notes receivable - noncurrent portion	5,626,421	7,552,805	8,223,427
Capital assets	348,336	209,744	354,358
Total	<u>\$ 68,414,250</u>	<u>\$ 63,347,335</u>	<u>\$ 64,747,659</u>

**STATEMENTS OF NET ASSETS, CONTINUED**

<b>Liabilities and Net Assets</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
Current liabilities	\$ 2,134,484	\$ 2,051,650	\$ 104,277
Invested in capital assets	348,336	209,744	354,358
Restricted	65,931,430	61,085,941	64,289,024
Net assets	66,279,766	61,295,685	64,643,382
Total	\$ 68,414,250	\$ 63,347,335	\$ 64,747,659

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

	<b>2012</b>	<b>2011</b>	<b>2010</b>
Operating revenues, net	\$ 6,624,207	\$ (263,321)	\$ 4,979,814
Operating expenses	(727,691)	(835,450)	(719,969)
Nonoperating income (expenses), net	(912,435)	(2,248,926)	(1,625,996)
Change in assets	4,984,081	(3,347,697)	2,633,849
Beginning net assets	61,295,685	64,643,382	62,009,533
Ending net assets	\$66,279,766	\$ 61,295,685	\$ 64,643,382

**STATEMENTS OF CASH FLOWS**

	<b>2012</b>	<b>2011</b>	<b>2010</b>
Cash flows from operating activities	\$ (8,594)	\$ 1,935,145	\$ (2,921,393)
Cash flows from noncapital financing activities	1,000,000	-	(71,342)
Cash flows from capital and related financing activities	(197,695)	(19,359)	(39,595)
Cash flows from investing activities	231,124	(122,105)	(14,699,146)
Net increase (decrease) in cash and cash equivalents	1,024,835	1,793,681	(17,731,476)
Cash and cash equivalents at beginning of year	2,820,014	1,026,333	18,757,809
Cash and cash equivalents at end of year	\$ 3,844,849	\$ 2,820,014	\$ 1,026,333

The statements above are inclusive of amounts due from the Park Fund of \$11,998 that is eliminated in the accompanying financial statements.

**Capital Assets:**

At September 30, 2012, 2011 and 2010, MPLT had \$348,336, \$209,744 and \$354,358, respectively, in capital assets, net of accumulated depreciation where applicable, including land, building, leasehold improvements, furniture, fixtures and equipment and vehicles, which represent a net increase in 2012 of \$138,592, a net decrease in 2011 of \$144,614 and a net increase in 2010 of \$20,427. See note 4 to the financial statements for more information on MPLT's capital assets.

**Goals and Objectives:**

It is the intent of MPLT to continue to monitor its investment portfolio to ensure an adequate risk-adjusted rate of return is achieved. This is the phase of the Five-Step Investment Management Process that MPLT is currently performing. This involves periodic rebalancing of the portfolio to comply with its asset allocation investment policy. Occasionally, the Board of 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 2012 was 13.61%, 2011 was (0.12)% and 2010 was 7.65%. The Park Fund has not suffered local investment losses as it only invests to benefit the American Memorial Park (AMP). 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 AMP. The income on this principal contribution can only be used for the maintenance and development of AMP. Accordingly, this initial principal contribution has been prudently managed since 1983 and has grown to \$8,429,896. This has been accomplished while distributing \$5,382,044 for AMP maintenance and development.

As part of a plan to make some of the principal available for development of 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 AMP:

1. AMP/Cultural Center	\$ 1,305,200
2. AMP 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 \$17,300. It is through this mechanism that MPLT has been able to benefit AMP and sustain new development.

**Park Fund Condensed Financial Statements Summaries:**

**STATEMENTS OF NET ASSETS**

<b>Assets</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
Current assets	\$ 769,808	\$ 554,607	\$ 352,124
Other assets, restricted	7,042,129	6,226,927	6,583,591
Notes receivable - noncurrent portion	835,443	984,143	1,132,843
<b>Total</b>	<b>\$ 8,647,380</b>	<b>\$ 7,765,677</b>	<b>\$ 8,068,558</b>
<b>Liabilities and Net Assets</b>			
Current liabilities	\$ 217,484	\$ 15,636	\$ 46,413
Restricted principal	8,105,470	7,423,806	7,768,884
Restricted income	324,426	326,235	253,261
<b>Net assets</b>	<b>8,429,896</b>	<b>7,750,041</b>	<b>8,022,145</b>
<b>Total</b>	<b>\$ 8,647,380</b>	<b>\$ 7,765,677</b>	<b>\$ 8,068,558</b>

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

	<b>2012</b>	<b>2011</b>	<b>2010</b>
Operating revenues	\$ 1,006,576	\$ 5,460	\$ 585,712
Operating expenses	(75,260)	(68,609)	(71,799)
Non-operating income (expenses), net	(251,461)	(208,955)	(206,489)
<b>Change in assets</b>	<b>679,855</b>	<b>(272,104)</b>	<b>307,424</b>
<b>Beginning net assets</b>	<b>7,750,041</b>	<b>8,022,145</b>	<b>7,714,721</b>
<b>Ending net assets</b>	<b>\$ 8,429,896</b>	<b>\$ 7,750,041</b>	<b>\$ 8,022,145</b>

**STATEMENTS OF CASH FLOWS**

	<b>2012</b>	<b>2011</b>	<b>2010</b>
Cash flows from operating activities	\$ (8,568)	\$ 161,764	\$ 241,272
Cash flows from noncapital financing activities	(43,000)	-	(206,489)
Cash flows from investing activities	(133,535)	11,586	(1,632,121)
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(185,103)</b>	<b>173,350</b>	<b>(1,597,338)</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>359,743</b>	<b>186,393</b>	<b>1,783,731</b>
<b>Cash and cash equivalents at end of year</b>	<b>\$ 174,640</b>	<b>\$ 359,743</b>	<b>\$ 186,393</b>

The statements above are inclusive of amounts due to the General Fund of \$11,998 that is eliminated in the accompanying financial statements.

**Goals and Objectives:**

It is the intention of the Trustees to continue to provide financial assistance to AMP 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 AMP have occurred. The Board of Trustees plans to continue this past record of achievement and use it as a basis for further enhancements of the facility, which benefits the CNMI as a whole.

## **Economic Outlook**

In 2008, MPLT suffered its largest loss of principal since 2002. This was due to the worldwide credit collapse and the resulting recession. In 2009, a recovery of investment values began but did not completely recover the loss from 2008. In 2010, the rate of increase for valuations slowed revealing a weak recovery. This weak recovery trend deepened in 2011 resulting in no growth to investment values. In 2012, the economy began to strengthen due to actions of the Federal Reserve. The outlook for 2013 remains uncertain as to whether or not the Federal Reserve will continue its stimulus program if economic growth continues. If the Federal Reserve reduces its stimulus program, the financial markets are certain to suffer. There is also the potential for inflation. These factors will likely keep equity values in a slow growth mode for quite some time. Also, the bond market will suffer as interest rates increase. It will likely take many years before the United States experiences a booming economy once again. MPLT has a long-term time horizon. Accordingly, MPLT is committed to its current investment allocation. Whereas, MPLT may add additional asset classes, the basic investment approach will remain the same

## **Contacting the MPLT's Financial Management**

This report is designed to provide the branches of the CNMI 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, 2011 is set forth in the report on the audit of MPLT's financial statements, which is dated February 13, 2012. The Discussion and Analysis explains the major factors impacting the 2011 financial statements. If you have questions about this report or the 2011 or 2010 reports or need additional financial information, contact the MPLT office, P.O. Box 501089, Saipan, MP 96950-1089 or phone at (670) 322-4401 or email [mplt@mplt.gov.mp](mailto:mplt@mplt.gov.mp).

MARIANAS PUBLIC LAND TRUST

Statements of Net Assets  
September 30, 2012 and 2011

<u>ASSETS</u>	<u>2012</u>	<u>2011</u>
Current assets:		
Cash and cash equivalents	\$ 4,019,489	\$ 3,179,757
Receivables:		
Notes receivable, current portion	3,760,941	412,938
Accrued income	538,121	426,980
Other	6,573	9,051
Due from brokers	2,132,923	85,919
Prepaid expense	2,391	15,223
Total current assets	<u>10,460,438</u>	<u>4,129,868</u>
Other assets:		
Investments	<u>59,778,994</u>	<u>58,230,885</u>
Total other assets	<u>59,778,994</u>	<u>58,230,885</u>
Noncurrent assets:		
Notes receivable, net of current portion and allowance for loan losses	6,461,864	8,536,948
Capital assets (net of accumulated depreciation)	<u>348,336</u>	<u>209,744</u>
Total noncurrent assets	<u>6,810,200</u>	<u>8,746,692</u>
	<u>\$ 77,049,632</u>	<u>\$ 71,107,445</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current liabilities:		
Accounts payable	\$ 33,703	\$ 38,055
Due to CNMI Government	-	1,968,159
Due to brokers	2,302,276	52,337
Accrued expenses	<u>3,991</u>	<u>3,168</u>
Total liabilities	<u>2,339,970</u>	<u>2,061,719</u>
Commitment and contingency		
Net assets:		
Invested in capital assets	348,336	209,744
Restricted	<u>74,361,326</u>	<u>68,835,982</u>
Total net assets	<u>74,709,662</u>	<u>69,045,726</u>
	<u>\$ 77,049,632</u>	<u>\$ 71,107,445</u>

See accompanying notes to financial statements.

MARIANAS PUBLIC LAND TRUST

Statements of Revenues, Expenses and Changes in Net Assets  
Years Ended September 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Operating revenues:		
Net increase (decrease) in the fair value of investments	\$ 4,673,071	\$ (2,906,324)
Investment income, net	2,383,453	2,820,253
Interest income:		
Notes receivable	563,884	471,852
Other	<u>1,698</u>	<u>1,409</u>
	7,622,106	387,190
Provision for allowance for loan losses of the Home Loan Program	-	(658,000)
Recovery of note receivable	<u>8,677</u>	<u>12,949</u>
Operating revenues, net	<u>7,630,783</u>	<u>(257,861)</u>
Operating expenses:		
Money manager fees	172,549	174,889
Consultancy fees	121,668	121,903
Money management administration	90,531	84,181
Contract services	68,500	65,000
Salaries and benefits	67,611	59,375
Professional fees	63,908	89,970
Office supplies	53,876	49,362
Loan administration fee	45,020	51,968
Depreciation	25,589	21,743
Trustees' expenses	20,045	18,345
Insurance	19,635	-
Impairment loss	16,000	141,000
Rent and utilities	15,889	12,323
Audit	15,500	14,000
Repairs and maintenance	<u>6,630</u>	<u>-</u>
Total operating expenses	<u>802,951</u>	<u>904,059</u>
Operating income (loss)	<u>6,827,832</u>	<u>(1,161,920)</u>
Other nonoperating expenses:		
Transfer in from DPL	1,000,000	-
Net distribution to the CNMI General Fund/ American Memorial Park	(2,146,382)	(2,457,881)
Loss on disposal	<u>(17,514)</u>	<u>-</u>
Total nonoperating expenses	<u>(1,163,896)</u>	<u>(2,457,881)</u>
Change in net assets	5,663,936	(3,619,801)
Net assets at beginning of year	<u>69,045,726</u>	<u>72,665,527</u>
Net assets at end of year	<u>\$ 74,709,662</u>	<u>\$ 69,045,726</u>

See accompanying notes to financial statements.

# MARIANAS PUBLIC LAND TRUST

## Statements of Cash Flows Years Ended September 30, 2012 and 2011

	2012	2011
Cash flows from operating activities:		
Cash received from operations	\$ 438,010	\$ 2,899,147
Cash payments to suppliers for goods and services	(455,172)	(802,238)
Net cash (used for) provided by operating activities	(17,162)	2,096,909
Cash flows from noncapital financing activities:		
Net operating transfer out	(43,000)	-
Cash received from DPL	1,000,000	-
Net cash provided by noncapital financing activities	957,000	-
Cash flows from capital and related financing activities:		
Acquisition of property and equipment	(197,695)	(19,359)
Net cash used for capital and related financing activities	(197,695)	(19,359)
Cash flows from investing activities:		
Net (increase) decrease in notes receivable	(3,027,373)	233,971
Net increase (decrease) in restricted assets	3,124,962	(344,490)
Net cash provided by (used for) investing activities	97,589	(110,519)
Net increase in cash and cash equivalents	839,732	1,967,031
Cash and cash equivalents at beginning of year	3,179,757	1,212,726
Cash and cash equivalents at end of year	\$ 4,019,489	\$ 3,179,757
Reconciliation of operating income (loss) to net cash (used for) provided by operating activities:		
Operating income (loss)	\$ 6,827,832	\$ (1,161,920)
Adjustments to reconcile operating income (loss) to net cash (used for) provided by operating activities:		
Net (increase) decrease in fair value of investments	(4,673,071)	2,906,324
Noncash interest income	(348,928)	(357,823)
Depreciation	25,589	21,743
Loss on disposal of fixed assets	-	1,230
Impairment loss	16,000	141,000
Bad debts	-	645,051
(Increase) decrease in assets:		
Receivable - accrued income	(111,141)	(26,796)
Other receivable	2,478	(289)
Due from brokers	(2,047,004)	(39,322)
Prepaid expense	12,832	(10,590)
Increase (decrease) in liabilities:		
Accounts payable	(4,352)	5,192
Due to CNMI Government	(1,968,159)	(17,740)
Payable to brokers	2,249,939	(6,713)
Accrued expenses	823	(2,438)
Net cash (used for) provided by operating activities	\$ (17,162)	\$ 2,096,909
Supplemental schedule of noncash operating, financing and investing activities:		
MPLT applied \$280,767 of the required income distribution to the CNMI General Fund for the year ended September 30, 2012 as a repayment of the CNMI's note receivable and related interest.		
Decrease in notes receivable	\$ (1,614,154)	\$ -
Increase in interest expense	(280,767)	(280,767)
Increase in net contribution	1,894,921	280,767
	\$ -	\$ -
MPLT applied \$208,461 of the required income distribution of the American Memorial Park Fund for the year ended September 30, 2012 as a repayment of CDA's note receivable and related interest.		
Decrease in notes receivable	\$ (140,300)	\$ (131,900)
Increase in interest expense	(68,161)	(77,055)
Increase in net contribution	208,461	208,955
	\$ -	\$ -

See accompanying notes to financial statements.

# MARIANAS PUBLIC LAND TRUST

Notes to Financial Statements  
September 30, 2012 and 2011

## (1) Organization and Purpose

The Marianas Public Land Trust (MPLT), a component unit of the Commonwealth of the Northern Mariana Islands (CNMI), was formed on January 9, 1978, pursuant to the ratification and adoption of the Constitution of the CNMI, Covenant to Establish a Commonwealth of the Northern Mariana Islands in Political Union with the United States of America (the Covenant), and Technical Agreement Regarding Use of Land to be Leased by the United States in the Northern Mariana Islands.

MPLT did not become operational until May 17, 1983, when its Trustees were appointed by the Governor with confirmation by the Senate.

The purpose of MPLT is to manage all monies received by it from the CNMI Department of Public Lands (DPL) for the use of public lands. DPL has the responsibility to manage the public lands and distribute to MPLT all revenues net of reasonable expenses of administration.

MPLT's responsibility, with respect to monies received by it from DPL, requires it to make reasonable, careful and prudent investments. The Trustees have taken the position that their duty to the beneficiaries is not only to provide income to the general fund of the CNMI but also to preserve the principal of MPLT. As such, MPLT is currently allocating capital gains and losses on equity investments to principal fund balance. These capital gains and losses are not considered to be available for distribution to the general fund of the CNMI. Other forms of income on investments, after deduction of amounts necessary to meet reasonable administrative expenses, are distributed to the general fund of the CNMI.

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

## (2) Summary of Significant Accounting Policies

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

# MARIANAS PUBLIC LAND TRUST

Notes to Financial Statements  
September 30, 2012 and 2011

## (2) Summary of Significant Accounting Policies, Continued

### Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

### Basis of Accounting

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operation of this fund are included on the statements of net assets. Proprietary fund operating statements present increases (e.g. revenues) and decreases (e.g. expenses) in net assets. The accrual basis of accounting is utilized for proprietary funds. Under this method, revenues are recorded when earned and expenses recorded at the time liabilities are incurred.

### Concentrations of Credit Risk

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

At September 30, 2012 and 2011, 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 assets and cash flows, MPLT considers all cash held in demand accounts with initial maturities of ninety days or less, to be cash and cash equivalents. At September 30, 2012 and 2011, total cash and cash equivalents were \$4,019,489 and \$3,179,757, respectively, and the corresponding bank balances were \$132,279 and \$288,691, respectively. Of the bank balance amount, \$132,279 and \$288,691 are maintained in financial institutions subject to Federal Deposit Insurance Corporation (FDIC) insurance as of September 30, 2012 and 2011, respectively. Bank deposits in the amount of \$128,485 and \$287,532 were FDIC insured as of September 30, 2012 and 2011, respectively. Bank deposits in the amount of \$3,047 and \$3,405 were uninsured at September 30, 2012 and 2011, respectively.

At September 30, 2012 and 2011, unrestricted cash and cash equivalents consisted of the following:

	<u>2012</u>	<u>2011</u>
Custodian money market sweep deposits	\$ 3,887,957	\$ 2,888,820
Deposits with federally insured banks	128,485	287,532
Uninsured deposits	<u>3,047</u>	<u>3,405</u>
	<u>\$ 4,019,489</u>	<u>\$ 3,179,757</u>

# MARIANAS PUBLIC LAND TRUST

Notes to Financial Statements  
September 30, 2012 and 2011

## (2) Summary of Significant Accounting Policies, Continued

### Cash and Cash Equivalents, Continued

As of September 30, 2012 and 2011, custodian money market sweep deposits of \$3,887,957 and \$2,888,820, respectively, 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.

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, 2012, MPLT's investment in U.S. agency obligations of the Freddie Mac Federal Home Loan Mortgage Corporation and Fannie Mae Federal National Mortgage Association constituted 5% and 5%, respectively, of its total investments. As of September 30, 2011, 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 8% and 8%, 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 activity 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 a Registered Investment Advisor with exclusive focus on providing objective investment management consulting at an institutional level, having the support of a staff and/or organization, focused and experienced in consulting only.

# MARIANAS PUBLIC LAND TRUST

Notes to Financial Statements  
September 30, 2012 and 2011

## (2) Summary of Significant Accounting Policies, Continued

### Investments, Continued

- The candidate should be objective, free of conflict of interest and free to secure services from leading third party providers that will best suit the interest of MPLT.
- Firms must demonstrate experience in the breadth and depth of its professional staff.
- Ability to provide unbiased fiduciary and financial advice to public trusts.
- Knowledge of legislative, operational and legal aspects of the local public trusts.
- Ownership or ready access to relevant and comprehensive performance databases with proven and verifiable process for the institutional client.
- Ability to provide quantitative analysis of manager and total fund performance. In particular, attribution analysis to maintain the interests of the management styles and strategic asset allocation.
- 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.
- 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.
  5. Clearly articulate the investment strategy that will be followed and document that the strategy has been successfully adhered to over time.

## MARIANAS PUBLIC LAND TRUST

Notes to Financial Statements  
September 30, 2012 and 2011

### (2) Summary of Significant Accounting Policies, Continued

#### Investments, Continued

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.
    - 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.
    - Holdings of individual securities may be large enough (round lots) for easy liquidation.
  3. Convertible Securities:
    - Convertible bonds and convertible preferred stocks are permissible holdings, but the preponderance of holdings (75% plus) should be in bonds.
    - Holdings may be U.S. companies and non-U.S. companies, but the preponderance (75% plus) should be in U.S. companies.

# MARIANAS PUBLIC LAND TRUST

Notes to Financial Statements  
September 30, 2012 and 2011

## (2) Summary of Significant Accounting Policies, Continued

### Investments, Continued

#### 3. Convertible Securities, Continued:

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

#### 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%).

MARIANAS PUBLIC LAND TRUST

Notes to Financial Statements  
September 30, 2012 and 2011

(2) Summary of Significant Accounting Policies, Continued

Investments, Continued

5. Diversified Local Investments, Continued:

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, by having DLIs within this IPS 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.

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.

MARIANAS PUBLIC LAND TRUST

Notes to Financial Statements  
September 30, 2012 and 2011

(2) Summary of Significant Accounting Policies, Continued

Investments, Continued

5. Diversified Local Investments, Continued:

- 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.
- 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.
- 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 & Emerging Markets) Equities:

- Equity holdings 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.
- 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

Notes to Financial Statements  
September 30, 2012 and 2011

## (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.
- 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.
- 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.

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

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

MARIANAS PUBLIC LAND TRUST

Notes to Financial Statements  
September 30, 2012 and 2011

(2) Summary of Significant Accounting Policies, Continued

Investments, Continued

Rebalancing of Strategic Allocation

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

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

If the Trustees judge cash flows to be insufficient 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.

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.

MPLT values its investments at fair value in accordance with GASB Statement 31. MPLT's investments as of September 30, 2012 and 2011 (with combining information as of September 30, 2012) are as follows:

MARIANAS PUBLIC LAND TRUST

Notes to Financial Statements  
September 30, 2012 and 2011

(2) Summary of Significant Accounting Policies, Continued

Investments, Continued

	<u>General Fund</u>	<u>Park Fund</u>	<u>2012</u>	<u>2011</u>
Mutual funds	\$ 8,216,067	\$ 777,645	\$ 8,993,712	\$ 7,952,590
Equities:				
Domestic preferred stock	1,547,055	218,049	1,765,104	1,027,229
International preferred stock	-	-	-	51,733
Domestic common stock	6,538,924	1,707,019	8,245,943	6,217,230
International common stock	3,660,201	409,557	4,069,758	3,645,739
Exchange traded and closed end funds	80,283	9,537	89,820	12,365
Fixed income securities:				
Asset and mortgage backed securities	5,868,171	623,287	6,491,458	12,330,475
International bonds	-	-	-	383,011
Government bonds	429,177	34,611	463,788	1,558,031
Municipal bonds	143,173	-	143,173	163,642
Corporate bonds	<u>26,253,814</u>	<u>3,262,424</u>	<u>29,516,238</u>	<u>24,888,840</u>
	<u>\$ 52,736,865</u>	<u>\$ 7,042,129</u>	<u>\$ 59,778,994</u>	<u>\$ 58,230,885</u>

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, 2012 and 2011:

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

# MARIANAS PUBLIC LAND TRUST

## Notes to Financial Statements September 30, 2012 and 2011

### (2) Summary of Significant Accounting Policies, Continued

#### Investments, Continued

Investment Type	Fair Value	2011 Investment Maturities (In Years)				Credit Rating
		Less Than 1	1 - 5	6 - 10	More Than 10	
Asset and mortgage backed securities	\$ 12,330,475	\$ -	\$ 1,171,859	\$ 280,367	\$ 10,878,249	No rating
Government bonds	1,558,031	-	-	-	1,558,031	NR
Municipal bonds	163,642	-	-	-	163,642	A+
International bonds	112,618	-	-	112,618	-	A+
International bonds	11,120	-	11,120	-	-	BB
International bonds	97,600	-	97,600	-	-	BBB+
International bonds	63,973	-	63,973	-	-	BBB-
International bonds	55,700	-	55,700	-	-	BB
International bonds	42,000	-	42,000	-	-	B+
Corporate bonds	52,229	-	-	52,229	-	AAA
Corporate bonds	437,740	-	194,236	230,243	13,261	AA
Corporate bonds	739,644	-	522,711	211,225	5,708	AA+
Corporate bonds	539,250	-	73,091	117,063	349,096	AA-
Corporate bonds	6,710,585	20,029	2,429,226	3,522,446	738,884	A
Corporate bonds	2,408,507	-	1,217,660	633,184	557,663	A+
Corporate bonds	3,413,270	155,772	1,081,617	1,541,479	634,402	A-
Corporate bonds	1,223,902	-	610,067	390,397	223,438	BBB
Corporate bonds	1,572,705	-	1,036,330	296,936	239,439	BBB+
Corporate bonds	902,404	-	470,947	332,760	98,697	BBB-
Corporate bonds	875,354	-	296,186	447,108	132,060	BB
Corporate bonds	1,172,735	-	483,650	438,635	250,450	BB+
Corporate bonds	1,659,572	-	605,986	976,879	76,707	BB-
Corporate bonds	935,752	-	317,793	462,209	155,750	B
Corporate bonds	712,422	-	219,169	228,068	265,185	B+
Corporate bonds	279,008	-	152,008	127,000	-	B-
Corporate bonds	140,030	-	-	140,030	-	CCC
Corporate bonds	185,652	-	129,532	56,120	-	CCC+
Corporate bonds	61,513	-	61,513	-	-	CAA1
Corporate bonds	808,591	251,100	156,470	47,430	353,591	No rating
Corporate bonds	57,975	-	57,975	-	-	NR
	<u>\$ 39,323,999</u>	<u>\$ 426,901</u>	<u>\$ 11,558,419</u>	<u>\$ 10,644,426</u>	<u>\$ 16,694,253</u>	

#### 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.

#### Capital Assets

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

MARIANAS PUBLIC LAND TRUST

Notes to Financial Statements  
September 30, 2012 and 2011

(2) Summary of Significant Accounting Policies, Continued

Defined Contribution Plan (DC Plan)

On June 16, 2006, Public Law No. 15-13 was enacted which created the DC Plan, a multi-employer pension plan and is the single retirement program for all employees whose first time CNMI government employment commences on or after January 1, 2007. Each member of the DC Plan is required to contribute to the member's individual account an amount equal to 10% of the 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, 2012, 2011 and 2010 were \$2,424, \$2,198 and \$2,140, respectively, equal to the required contributions for each year.

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

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

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. Authorization of participation has not been obtained from the U.S. Government. 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 DB plan. In addition, Public Law 17-82 provides active and inactive DB Plan members the option to voluntarily terminate membership in the DB Plan, withdraw or roll over contributions to the DC Plan and to participate in the U.S. Social Security system without termination of employment or penalty. Further, Public Law 17-82 allows the CNMI Government to continue remitting its 4% employer contribution to the DC Plan unless the employee ceases to contribute its employee share.

MARIANAS PUBLIC LAND TRUST

Notes to Financial Statements  
September 30, 2012 and 2011

(2) Summary of Significant Accounting Policies, Continued

Net Assets

GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, has required MPLT to establish net asset categories as follows:

- Invested in capital assets: capital assets, net of accumulated depreciation.
- Restricted: net assets subject to externally imposed stipulations that can be fulfilled by actions pursuant to those stipulations or that expire by the passage of time. MPLT has net assets restricted for principal and income.
- Unrestricted: net assets that are not subject to externally imposed stipulations. As MPLT considers all assets except investments in capital assets, to be restricted, MPLT does not have unrestricted net assets at September 30, 2012 and 2011.

Operating and Non-Operating Revenue and Expenses

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

Nonoperating revenues and expenses result from capital and noncapital financing activities.

New Accounting Standards

During the year ended September 30, 2012, MPLT implemented the following pronouncements:

- GASB Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, which amends Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, and Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, and addresses issues related to the frequency and timing of measurements for actuarial valuations first used to report funded status information in OPEB plan financial statements. The implementation of this pronouncement did not have a material effect on the accompanying financial statements.
- GASB Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions* (an amendment of GASB Statement No. 53), which will improve financial reporting by state and local governments by clarifying the circumstances in which hedge accounting continues to be applied when a swap counterparty, or a swap counterparty's credit support provider, is replaced. The implementation of this pronouncement did not have a material effect on the accompanying financial statements.

# MARIANAS PUBLIC LAND TRUST

Notes to Financial Statements  
September 30, 2012 and 2011

## (2) Summary of Significant Accounting Policies, Continued

### New Accounting Standards, Continued

In December 2010, GASB issued Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*, which addresses how to account for and report service concession arrangements (SCAs), a type of public-private or public-public partnership that state and local governments are increasingly entering into. The provisions of this statement are effective for periods beginning after December 15, 2011. Management does not believe that the implementation of this statement will have a material effect on the financial statements of MPLT.

In December 2010, GASB issued Statement No. 61, *The Financial Reporting Entity: Omnibus*, which is designed to improve financial reporting for governmental entities by amending the requirements of Statements No. 14, *The Financial Reporting Entity*, and No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, to better meet user needs and address reporting entity issues that have come to light since those Statements were issued in 1991 and 1999, respectively. The provisions of this statement are effective for periods beginning after June 15, 2012. Management does not believe that the implementation of this statement will have a material effect on the financial statements of MPLT.

In December 2010, GASB issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which is intended to enhance the usefulness of its Codification by incorporating guidance that previously could only be found in certain Financial Accounting Standards Board (FASB) and American Institute of Certified Public Accountants (AICPA) pronouncements. The provisions of this statement are effective for periods beginning after December 15, 2011. Management does not believe that the implementation of this statement will have a material effect on the financial statements of MPLT.

In July 2011, GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, which establishes guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position. The provisions of this statement are effective for periods beginning after December 15, 2011. Management has not yet determined the effect of implementation of this statement on the financial statements of MPLT.

In April 2012, GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which clarifies the appropriate reporting of deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting. The provisions of this statement are effective for periods beginning after December 15, 2012. Management has not yet determined the effect of implementation of this statement on the financial statements of MPLT.

In April 2012, GASB issued Statement No. 66, *Technical Corrections - 2012*, which enhances the usefulness of financial reports by resolving conflicting accounting and financial reporting guidance that could diminish the consistency of financial reporting. The provisions of this statement are effective for periods beginning after December 15, 2012. Management has not yet determined the effect of implementation of this statement on the financial statements of MPLT.

MARIANAS PUBLIC LAND TRUST

Notes to Financial Statements  
September 30, 2012 and 2011

(2) Summary of Significant Accounting Policies, Continued

New Accounting Standards, Continued

In June 2012, GASB issued Statement No. 67, *Financial Reporting for Pension Plans*, which revises existing guidance for the financial reports of most pension plans, and Statement No. 68, *Accounting and Financial Reporting for Pensions*, which revises and establishes new financial reporting requirements for most governments that provide their employees with pension benefits. The provisions in Statement 67 are effective for financial statements for periods beginning after June 15, 2013. The provisions in Statement 68 are effective for fiscal years beginning after June 15, 2014. Management has not yet determined the effect of implementation of these statements on the financial statements of MPLT.

Reclassifications

Certain 2011 balances in the accompanying financial statements have been reclassified to conform to the 2012 presentation.

(3) Notes Receivable

	<u>2012</u>	<u>2011</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, interest at 2% (5.5% to 8.5% prior to January 1, 2009) and terms from ten to thirty years.	\$ 8,357,629	\$ 8,658,943
Note receivable from Adelantun Publickun Luta Enteramente, Incorporated (APLE 501, Inc.), interest at 5% per annum, due on October 18, 2017, with monthly principal and interest payments in the amount of \$1,225, collateralized by a loan portfolio. Proceeds were used to fund an independently administered individual or parent-student loan program. MPLT has ceased future loan commitments and disbursements to APLE 501, Inc.	120,639	129,316
Note receivable from the Commonwealth Development Authority (CDA), 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.	980,642	1,120,943
Note receivable from the CNMI Government, interest at 7%. Public Law 17-7 earmarks and appropriates from future interest income distributions of fiscal years 2009, 2010, 2012 and additional future fiscal years until the note is fully reimbursed. Interest is due annually.	2,385,846	4,000,000

MARIANAS PUBLIC LAND TRUST

Notes to Financial Statements  
September 30, 2012 and 2011

(3) Notes Receivable, Continued

	<u>2012</u>	<u>2011</u>
Note receivable from the Commonwealth Healthcare Corporation (CHCC), interest at 7% per annum, due on March 12, 2013, 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.	3,000,033	-
Note receivable from the Commonwealth Healthcare Corporation (CHCC), interest at 7% per annum, due on September 12, 2013, collateralized by future distributable income of fiscal year 2014 and CHCC's real properties for CHCC Health Information Technology/Electronic Health Records Project pursuant to CNMI Public Law 17-76.	<u>328,655</u>	<u>-</u>
	15,173,444	13,909,202
Less allowance for loan losses	<u>(4,950,639)</u>	<u>(4,959,316)</u>
	10,222,805	8,949,886
Less current portion	<u>(3,760,941)</u>	<u>(412,938)</u>
Long-term portion	<u>\$ 6,461,864</u>	<u>\$ 8,536,948</u>

At September 30, 2012, principal and interest repayments based on the terms of the respective agreements for the following years ending September 30, are as follows:

<u>Year ending September 30,</u>	<u>Principal</u>	<u>Interest</u>
2013	\$ 3,760,941	\$ 280,669
2014	438,366	149,905
2015	444,284	134,549
2016	450,321	119,075
2017	456,479	103,478
2018 - 2022	1,907,859	329,606
2023 - 2027	1,826,934	140,498
2028 - 2031	<u>246,947</u>	<u>4,256</u>
	<u>\$ 9,532,131</u>	<u>\$ 1,262,036</u>

The schedule above does not include principal and interest repayments for APLE 501, Inc. and \$3,134,828 of notes receivable (Home Loan Program) referred to an attorney for collection as repayments are uncertain. The repayment of the note receivable from the CNMI Government is based on the amount available for distribution at the end of the fiscal year which varies; therefore, it is not possible to determine the current portion. Accordingly, the related principal and interest repayments are not included in the above schedule.

MARIANAS PUBLIC LAND TRUST

Notes to Financial Statements  
September 30, 2012 and 2011

(4) Capital Assets

A summary of capital assets as of September 30, 2012 and 2011, is as follows:

	<u>Estimated Useful Lives</u>	<u>Balance at October 1, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Impairment</u>	<u>Balance at September 30, 2012</u>
Land	-	\$ 132,000	\$ -	\$ -	\$ (16,000)	\$ 116,000
Building	5 - 10 years	-	186,328	-	-	186,328
Leasehold improvements	10 years	35,273	(5,015)	(30,258)	-	-
Furniture, fixtures and equipment	3 - 10 years	93,266	16,382	-	-	109,648
Vehicle	3 - 10 years	46,225	-	-	-	46,225
		306,764	197,695	(30,258)	(16,000)	458,201
Less accumulated depreciation		(97,020)	(25,589)	12,744	-	(109,865)
		<u>\$ 209,744</u>	<u>\$ 172,106</u>	<u>\$ (17,514)</u>	<u>\$ (16,000)</u>	<u>\$ 348,336</u>
		<u>Balance at October 1, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Impairment</u>	<u>Balance at September 30, 2011</u>
Land	-	\$ 273,000	\$ -	\$ -	\$ (141,000)	\$ 132,000
Leasehold improvements	10 years	33,790	1,483	-	-	35,273
Furniture, fixtures and equipment	3 - 10 years	85,051	17,876	(9,661)	-	93,266
Vehicle	3 - 10 years	46,225	-	-	-	46,225
		438,066	19,359	(9,661)	(141,000)	306,764
Less accumulated depreciation		(83,708)	(21,743)	8,431	-	(97,020)
		<u>\$ 354,358</u>	<u>\$ (2,384)</u>	<u>\$ (1,230)</u>	<u>\$ (141,000)</u>	<u>\$ 209,744</u>

MPLT recognized an impairment loss of \$16,000 and \$141,000, to reduce the carrying amount of land to fair value in accordance with GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*, during the year ended September 30, 2012 and 2011, respectively, as potential construction on the land is currently not being considered.

(5) Net Assets

In accordance with MPLT's accounting policies, gains and losses on investments are allocated to principal. Additionally, a portion of transfers in from the CNMI government is specifically designated as an increase in principal. Movement in principal and interest accounts for the years ended September 30, 2012 and 2011, is summarized as follows:

	<u>Principal</u>	<u>Income</u>	<u>2012</u>	<u>2011</u>
<u>General Fund</u>				
Balance at beginning of year	\$ 61,085,941	\$ -	\$ 61,085,941	\$ 64,289,024
Net increase (decrease) in the fair value of investments	3,991,404	-	3,991,404	(2,561,246)
Other operating net income	1,202,421	1,894,921	3,097,342	1,607,089
Transfers	-	(1,894,921)	(1,894,921)	(2,248,926)
Balance at end of year	<u>\$ 66,279,766</u>	<u>\$ -</u>	<u>\$ 66,279,766</u>	<u>\$ 61,085,941</u>
<u>Park Fund</u>				
Balance at beginning of year	\$ 7,423,806	\$ 326,235	\$ 7,750,041	\$ 8,022,145
Net increase (decrease) in the fair value of investments	681,667	-	681,667	(345,078)
Other operating net income	-	249,649	249,649	281,929
Transfers	-	(251,461)	(251,461)	(208,955)
Balance at end of year	<u>\$ 8,105,473</u>	<u>\$ 324,423</u>	<u>\$ 8,429,896</u>	<u>\$ 7,750,041</u>

## MARIANAS PUBLIC LAND TRUST

Notes to Financial Statements  
September 30, 2012 and 2011

### (6) Contributions To/From Primary 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, 2012 and 2011, MPLT recorded \$1,894,921 and \$2,248,926, respectively, of transfers out to the CNMI general fund, of which \$1,614,154 and \$-0-, respectively, was offset against a note receivable from the CNMI Government and \$280,767 was offset against interest income receivable from the CNMI general fund. At September 30, 2012 and 2011, \$-0- and \$1,968,159, respectively, was due to the CNMI Government related to these transfers. In addition, in accordance with Section 5 of Article XI, the CNMI Department of Public Lands transferred \$1,000,000 and \$-0- to MPLT during the years ended September 30, 2012 and 2011, respectively.

In accordance with Article VIII, Section 803(e) of the Covenant, MPLT makes operating transfers out for the development and maintenance of the American Memorial Park. During the years ended September 30, 2012 and 2011, MPLT recorded \$251,461 and \$208,955, respectively, for transfers out for this purpose.

### (7) Risk Management

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

### (8) Related Parties

One trustee of MPLT has a home loan outstanding of \$63,431 and \$64,800 as of September 30, 2012 and 2011, respectively, and the legal counsel of MPLT has a home loan outstanding of \$60,909 and \$67,571 as of September 30, 2012 and 2011, 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.

### (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.

### (10) Contingency

In accordance with the Settlement Agreement with NMHC, MPLT guarantees Service Released Loans that were issued by financial institutions. At September 30, 2012 and 2011, MPLT was contingently liable to these institutions for \$976,178 and \$1,015,111, respectively. MPLT records liabilities upon receipt of default notices from NMHC. As of September 30, 2012 and 2011, MPLT received default notices for guaranteed loans of \$-0- and \$319,341 and paid \$-0- and \$319,341, respectively, to buy back guaranteed loans.

MARIANAS PUBLIC LAND TRUST

Combining Statement of Net Assets  
September 30, 2012

<u>ASSETS</u>	<u>General Fund</u>	<u>Park Fund</u>	<u>Eliminations</u>	<u>Total</u>
Current assets:				
Cash and cash equivalents	\$ 3,844,849	\$ 174,640	\$ -	\$ 4,019,489
Receivables:				
Notes, current portion	3,615,741	145,200	-	3,760,941
Accrued income	482,005	56,116	-	538,121
Other	6,573	-	-	6,573
Due from other funds	11,998	-	(11,998)	-
Due from brokers	1,739,071	393,852	-	2,132,923
Prepaid expense	2,391	-	-	2,391
Total current assets	<u>9,702,628</u>	<u>769,808</u>	<u>(11,998)</u>	<u>10,460,438</u>
Other assets:				
Investments	<u>52,736,865</u>	<u>7,042,129</u>	<u>-</u>	<u>59,778,994</u>
Total other assets	<u>52,736,865</u>	<u>7,042,129</u>	<u>-</u>	<u>59,778,994</u>
Noncurrent assets:				
Notes receivable, net of current portion and allowance for loan losses	5,626,421	835,443	-	6,461,864
Capital assets (net of accumulated depreciation)	<u>348,336</u>	<u>-</u>	<u>-</u>	<u>348,336</u>
Total noncurrent assets	<u>5,974,757</u>	<u>835,443</u>	<u>-</u>	<u>6,810,200</u>
	<u>\$ 68,414,250</u>	<u>\$ 8,647,380</u>	<u>\$ (11,998)</u>	<u>\$ 77,049,632</u>
<u>LIABILITIES AND NET ASSETS</u>				
Current liabilities:				
Accounts payable	\$ 31,186	\$ 2,517	\$ -	\$ 33,703
Due to other funds	-	11,998	(11,998)	-
Due to brokers	2,099,307	202,969	-	2,302,276
Accrued expenses	<u>3,991</u>	<u>-</u>	<u>-</u>	<u>3,991</u>
Total liabilities	<u>2,134,484</u>	<u>217,484</u>	<u>(11,998)</u>	<u>2,339,970</u>
Net assets:				
Invested in capital assets	348,336	-	-	348,336
Restricted	<u>65,931,430</u>	<u>8,429,896</u>	<u>-</u>	<u>74,361,326</u>
Total net assets	<u>66,279,766</u>	<u>8,429,896</u>	<u>-</u>	<u>74,709,662</u>
	<u>\$ 68,414,250</u>	<u>\$ 8,647,380</u>	<u>\$ (11,998)</u>	<u>\$ 77,049,632</u>

See Accompanying Independent Auditors' Report.

MARIANAS PUBLIC LAND TRUST

Combining Statement of Revenues, Expenses and Changes in Net Assets  
Year Ended September 30, 2012

	General Fund	Park Fund	Eliminations	Total
Operating revenues:				
Net increase in the fair value of investments	\$ 3,991,404	\$ 681,667	\$ -	\$ 4,673,071
Investment income, net	2,126,705	256,748	-	2,383,453
Interest income:				
Notes receivable	495,723	68,161	-	563,884
Other	1,698	-	-	1,698
Total operating revenues	6,615,530	1,006,576	-	7,622,106
Recovery of note receivable	8,677	-	-	8,677
Operating revenues, net	6,624,207	1,006,576	-	7,630,783
Operating expenses:				
Money manager fees	151,860	20,689	-	172,549
Consultancy fees	105,596	16,072	-	121,668
Money management administration	80,573	9,958	-	90,531
Contract services	60,965	7,535	-	68,500
Salaries and benefits	60,174	7,437	-	67,611
Professional fees	63,908	-	-	63,908
Office supplies	48,115	5,761	-	53,876
Loan administration fee	45,020	-	-	45,020
Depreciation	25,589	-	-	25,589
Trustees' expenses	17,848	2,197	-	20,045
Insurance	17,477	2,158	-	19,635
Impairment loss	16,000	-	-	16,000
Rent and utilities	14,141	1,748	-	15,889
Audit	13,795	1,705	-	15,500
Repairs and maintenance	6,630	-	-	6,630
Total operating expenses	727,691	75,260	-	802,951
Operating income	5,896,516	931,316	-	6,827,832
Other nonoperating expenses:				
Transfer from DPL	1,000,000	-	-	1,000,000
Net distribution to the CNMI General Fund/American Memorial Park	(1,894,921)	(251,461)	-	(2,146,382)
Loss on disposal	(17,514)	-	-	(17,514)
Total nonoperating expenses	(912,435)	(251,461)	-	(1,163,896)
Change in net assets	4,984,081	679,855	-	5,663,936
Net assets at beginning of year	61,295,685	7,750,041	-	69,045,726
Net assets at end of year	\$ 66,279,766	\$ 8,429,896	\$ -	\$ 74,709,662

See Accompanying Independent Auditors' Report.

# MARIANAS PUBLIC LAND TRUST

## Combining Statement of Cash Flows Year Ended September 30, 2012

	General Fund	Park Fund	Eliminations	Total
Cash flows from operating activities:				
Cash received from operations	\$ 573,165	\$ (135,155)	\$ -	\$ 438,010
Cash payments to suppliers for goods and services	(581,759)	126,587	-	(455,172)
Net cash used for operating activities	(8,594)	(8,568)	-	(17,162)
Cash flows from noncapital financing activities:				
Net operating transfer out	-	(43,000)	-	(43,000)
Cash received from DPL	1,000,000	-	-	1,000,000
Net cash provided by (used for) noncapital financing activities	1,000,000	(43,000)	-	957,000
Cash flows from capital and related financing activities:				
Acquisition of property and equipment	(197,695)	-	-	(197,695)
Net cash used for capital and related financing activities	(197,695)	-	-	(197,695)
Cash flows from investing activities:				
Net increase in notes receivable	(3,027,373)	-	-	(3,027,373)
Net decrease (increase) in restricted assets	3,258,497	(133,535)	-	3,124,962
Net cash provided by (used for) investing activities	231,124	(133,535)	-	97,589
Net increase (decrease) in cash and cash equivalents	1,024,835	(185,103)	-	839,732
Cash and cash equivalents at beginning of year	2,820,014	359,743	-	3,179,757
Cash and cash equivalents at end of year	\$ 3,844,849	\$ 174,640	\$ -	\$ 4,019,489
Reconciliation of operating income to net cash used for operating activities:				
Operating income	\$ 5,896,516	\$ 931,316	\$ -	\$ 6,827,832
Adjustments to reconcile operating income to net cash used for operating activities:				
Net increase in fair value of investments	(3,991,404)	(681,667)	-	(4,673,071)
Noncash interest income	(280,767)	(68,161)	-	(348,928)
Depreciation	25,589	-	-	25,589
Impairment loss	16,000	-	-	16,000
(Increase) decrease in assets:				
Receivable - accrued income	(98,035)	(13,106)	-	(111,141)
Other receivable	2,478	-	-	2,478
Due from other funds	(6,431)	-	6,431	-
Due from brokers	(1,668,206)	(378,798)	-	(2,047,004)
Prepaid expense	12,832	-	-	12,832
Increase (decrease) in liabilities:				
Accounts payable	(5,419)	1,067	-	(4,352)
Due to other funds	-	6,431	(6,431)	-
Due to CNMI Government	(1,968,159)	-	-	(1,968,159)
Due to brokers	2,055,589	194,350	-	2,249,939
Accrued expenses	823	-	-	823
Net cash used for operating activities	\$ (8,594)	\$ (8,568)	\$ -	\$ (17,162)

Supplemental schedule of noncash operating, financing and investing activities:

MPLT applied \$280,767 of the required income distribution to the CNMI General Fund for the year ended September 30, 2012 as a repayment of the CNMI's note receivable and related interest.

Decrease in notes receivable	\$ (1,614,154)	\$ -	\$ -	\$ (1,614,154)
Increase in interest income	(280,767)	-	-	(280,767)
Increase in net contribution	1,894,921	-	-	1,894,921
	\$ -	\$ -	\$ -	\$ -

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

Decrease in notes receivable	\$ -	\$ (140,300)	\$ -	\$ (140,300)
Increase in interest income	-	(68,161)	-	(68,161)
Increase in net contribution	-	208,461	-	208,461
	\$ -	\$ -	\$ -	\$ -

See Accompanying Independent Auditors' Report.

MARIANAS PUBLIC LAND TRUST

SCHEDULE 1A

Schedule of Investments - General Fund  
September 30, 2012

<b>Mutual Funds</b>	<u>Cost</u>	<u>Fair Value</u>
Templeton Global Bond Fd-Ad	\$ 8,259,048	\$ 8,216,067
<b>Total Mutual Funds</b>	<u>8,259,048</u>	<u>8,216,067</u>
<b>Equities</b>		
<b>Domestic Preferred Stock</b>		
AMG Capital Trust I	161,264	165,464
Apache Corp	236,099	198,522
Bank Amer Corp	201,403	225,423
Energy XXI Bermuda	106,052	117,118
General Motors Co	65,345	44,140
Goodyear Tire & Rubber Co	96,009	70,671
Hartford Fin Svcs Grp	57,006	41,103
Metlife Inc	120,493	139,090
Nielson Holdings NV	118,828	117,785
PPL Corp	113,318	109,550
Stanley Black & Decker I	120,751	131,472
United Technologies Corp	116,674	122,348
Wells Fargo & Co	52,468	64,369
<b>Total Domestic Preferred Stock - MacKay Shields</b>	<u>1,565,710</u>	<u>1,547,055</u>
<b>Domestic Common Stock</b>		
Abbott Laboratories	175,616	219,392
Apple Inc	33,738	226,816
Baxter Intl Inc	149,742	162,729
Boeing Co/The	158,015	146,149
Cigna Corp	147,502	160,378
Deere & Co	157,680	148,446
Diageo Plc Spon Adr	177,760	225,460
Dow Chemical Co/The	137,350	118,715
Ebay Inc	107,780	164,458
EMC Corp/Ma	191,879	201,798
Franklin Resources Inc	128,076	150,084
H J Heinz Co	141,102	151,065
Hershey Co/The	172,144	198,492
Hess Corp	177,600	171,904
Home Depot Inc	144,718	217,332
Hospira Inc	52,935	49,230
Huntington Ingalls Industries	61,319	71,485
Intl Business Machines Corp	126,468	197,077
Intuit Inc	178,312	182,528
JPMorgan Chase & Co	161,526	165,968
M&T Bank Corp	134,674	161,772
Nextera Energy Inc	161,487	189,891
Northern Trust Corp	148,320	167,094
Northrop Grumman Corp	160,002	179,361
Occidental Petroleum Corp	167,370	172,120
Oracle Corp	139,525	185,614
Pepsico Inc	150,314	155,694
QEP Resources Inc	103,608	113,976
Qualcomm Inc	136,254	156,175
Schlumberger Ltd	142,421	144,660
Schwab (Charles) Corp	156,390	166,206
SPX Corp	124,794	117,738
Suntrust Bks Inc	141,440	166,793
Texas Instruments Inc	130,440	110,220
Tiffany & Co	68,414	80,444
Time Warner Inc	177,801	213,075
TRW Automotive Holding Corp	130,131	144,243
Unilever NV NY Shares	136,899	145,468
United Parcel Service-CL B	162,928	157,454

See Accompanying Independent Auditors' Report.

MARIANAS PUBLIC LAND TRUST

SCHEDULE 1A

Schedule of Investments - General Fund  
September 30, 2012

Equities, Continued	Cost	Fair Value
<b>Domestic Common Stock, Continued</b>		
Vodafone Gp Plc-Sp ADR	131,664	136,800
Zions Bancorp	114,870	144,620
<b>Total Domestic Common Stock - Metropolitan West</b>	<b>5,701,008</b>	<b>6,538,924</b>
<b>International Common Stock</b>		
Akbank T.A.S.-ADR	31,465	27,777
America Movil-ADR SERIES L	51,767	60,167
Banco Do Brasil Sa-Spon ADR	85,729	66,580
Banco Macro Sa-ADR	41,183	20,519
Bank Mandiri Tbk-Unspon ADR	45,336	51,316
Bidvest Group Ltd-Spons ADR	52,437	57,040
Cemig Sa-Spons ADR	26,245	23,222
Cia Siderurgica Nacl-Sp ADR	57,878	22,735
China Construc-Unspon ADR	82,890	74,345
China Mobile Ltd-Spon ADR	62,856	68,036
Cielo Sa-Sponsored ADR	33,209	46,566
Clicks Group Ltd-Unsp ADR	44,602	48,501
CNOOC Ltd-ADR	40,850	42,776
Commercial Intl Bank-ADR	25,510	27,654
Companhia De Bebidas-Prf ADR	35,134	43,043
Gazprom O A O-Spon ADR	48,281	44,396
Grupo Televisa Sa-Spon ADR	31,866	41,095
Infosys Ltd-Sp ADR	32,130	31,308
Lukoil OAO-Spon ADR	38,540	41,908
KB Financial Group Inc-ADR	56,907	54,311
Kimberly-Clark De Mexico-ADR	31,286	53,829
Koc Holding As-Unspon ADR	32,325	40,917
Mobile Telesystems-Sp ADR	61,688	53,979
Nedbank Group Ltd-Spons ADR	36,440	50,270
Netease Inc-ADR	27,746	36,997
Orascom Constr-Spon ADR	45,074	45,354
Oriflame Cosmetics-Unspn ADR	64,097	41,076
Philippine Long Dist- Sp ADR	57,145	68,585
Pretoria Portland-Unspon ADR	31,097	24,283
PTT Exploration & Pr-Sp ADR	26,451	23,203
Sanlam Ltd-Sponsored ADR	22,494	35,915
Sberbank-Sponsored ADR	76,212	72,172
Semen Gresik-Unspon ADR	20,835	28,860
Shinhan Financial Group-ADR	60,219	52,839
Shoprite Holdings-Unsp ADR	24,835	49,695
Standard Bank Group-Spon ADR	33,724	33,844
Taiwan Semiconductor-SP Adr	50,502	71,617
Telekomunik Indonesia-Sp ADR	62,656	69,100
Tiger Brands Ltd-Spons ADR	25,581	36,200
Turkcell Iletism Hizmet-ADR	63,813	60,954
United Tractors-Unspon ADR	36,041	38,685
Vale Sa-Sp Pref ADR	75,475	54,562
Vodacom Group Ltd-Unsp ADR	30,820	26,767
Weichai Power Co-Unsp ADR	46,270	30,055
Woolworths Holdings Ltd-GDR	43,772	52,683
YPF Sa-Sponsored ADR	44,991	13,689
<b>Subtotal - Lazard</b>	<b>2,056,404</b>	<b>2,059,425</b>
AAC Technologies H-Unspon AD	18,245	22,956
Advanced Semicndctr E-ADR	30,647	23,261
Agile Property-Unspon ADR	17,953	16,625
America Movil-ADR Series L	49,000	48,647
Anhui Conch Cement-H-Uns ADR	25,838	22,922
Antofagasta Plc-Spon ADR	29,460	28,473
Baidu Inc-Spon ADR	51,234	48,157

See Accompanying Independent Auditors' Report.

MARIANAS PUBLIC LAND TRUST

SCHEDULE 1A

Schedule of Investments - General Fund  
September 30, 2012

Equities, Continued	Cost	Fair Value
<b>International Common Stock, Continued</b>		
Banco Bradesco-ADR	33,711	30,244
Bank Mandiri Tbk-Unspon ADR	22,241	24,419
BRF Brasil Foods Sa-ADR	8,557	9,602
Carlsberg As-B-Spon ADR	20,827	21,969
China Communicati-Unspon ADR	21,173	19,004
China Constr-Unspon ADR	63,250	47,934
China Minsheng Banking-ADR	17,271	14,209
China Overseas Lan-Unspon ADR	23,471	25,853
CIA De Minas Buenaventure-ADR	26,133	26,337
CNOOC Ltd-ADR	40,232	42,777
Credicorp Ltd	24,442	25,557
Doctor Reddy's Lab-ADR	11,283	12,529
Galaxy Entertainment GRP-ADR	16,124	19,474
Gazprom OAO Spon ADR	32,827	29,190
HDFC Bank Ltd-ADR	37,513	44,155
Icici Bank Ltd-Spon ADR	33,448	38,213
Ind & Comm Bk of-Unspon ADR	41,989	34,701
Infosys Ltd-Sp ADR	31,743	26,696
Itau Unibanco Hldng-Pref ADR	69,219	48,468
Jiangxi Copper Co-Spon ADR	20,387	18,952
K B Financial Grp Inc-ADR	46,220	41,183
Keppel Corp Ltd-Spons ADR	31,530	33,392
Las Vegas Sands Corp	38,799	46,555
Lukoil OAO-Spn ADR	51,376	52,370
MMC Norilsk Nickel Jsc-ADR	17,116	16,917
Mobile Telesystems-Sp ADR	17,199	17,134
Naspers Ltd-N SHS Spon ADR	28,994	40,236
Pacific Rubiales Energy Corp	29,683	30,407
Petroleo Brasileiro-Spon ADR	30,501	19,510
Petroleo Brasileiro Sa-ADR	28,170	17,844
Posco-ADR	19,176	16,635
Perusahaan Gas Ne-Unspon ADR	16,765	17,576
Sberbank-Sponsored ADR	44,654	44,352
Sembcorp Marine Ltd-Unspon ADR	17,148	17,255
Shinhan Financial Group-ADR	46,907	41,493
Siliconware Precision-Sp ADR	33,900	31,969
Silver Standard Resources	42,034	35,107
Southern Copper Corp	25,976	27,282
Taiwan Smcndctr-Sp ADR	37,430	53,013
Tata Motors Ltd-Spon ADR	16,176	19,492
Telefonica Brasil-ADR	24,518	21,545
Tencent Hldgs Ltd-Uns ADR	17,157	22,733
Tim Participacoes Sa-ADR	20,462	14,472
Turkiye Garanti Bankasi-ADR	33,739	34,440
Vale Sa-Sp ADR	67,979	44,104
Yamana Gold Inc	21,705	28,034
Yandex NV-A	12,744	16,543
Zijin Mining Group-Unsp ADR	9,155	10,368
Zoomlion Heavy Indus-Unsp ADR	18,589	17,491
<b>Subtotal - Newgate</b>	<u>1,664,020</u>	<u>1,600,776</u>
<b>Total International Common Stock</b>	<u>3,720,424</u>	<u>3,660,201</u>
<b>Closed End Funds</b>		
India Fund Inc	<u>7,702</u>	<u>8,854</u>
<b>Total Closed End Funds - Newgate</b>	<u>7,702</u>	<u>8,854</u>

See Accompanying Independent Auditors' Report.

MARIANAS PUBLIC LAND TRUST

SCHEDULE 1A

Schedule of Investments - General Fund  
September 30, 2012

Equities, Continued	Cost	Fair Value	
<b>Exchange Traded Funds</b>			
Ishares MSCI South Korea Ind	13,271	14,428	
Ishares MSCI South Korea Ind	16,789	19,040	
Ishares MSCI South Korea Ind	19,536	19,513	
Ishares MSCI South Korea Ind	18,419	18,448	
<b>Total Exchange Traded Funds - Newgate</b>	<b>68,015</b>	<b>71,429</b>	
<b>Total Equities</b>	<b>11,062,859</b>	<b>11,826,463</b>	
<b>Fixed Income Securities</b>			
<b>Asset and Mortgage Backed Securities</b>			
CSFB 2002-CKN2 A3 @ 6.133%, due 04/15/37	4,934	4,833	AAA
CSFB 2003-CK2 A4 @ 4.801%, due 03/15/36	81,217	80,274	Aaa
FG A39210 @ 5.500%, due 10/01/35	272,786	294,758	AA+
FG A47758 @ 5.000%, due 11/01/35	215,202	241,243	AA+
FG A87388 @ 5.000%, due 07/01/39	271,325	288,687	AA+
FG G11736 @ 5.000%, due 04/01/20	28,665	30,764	AA+
FG G12213 @ 5.500%, due 03/01/21	65,772	72,342	AA+
FG G12580 @ 5.000%, due 09/01/21	62,537	67,232	AA+
FG G13174 @ 5.000%, due 06/01/23	136,597	143,610	AA+
FG G14011 @ 5.000%, due 07/01/25	1,526,974	1,515,610	AA+
FN 603265 @ 5.500%, due 09/01/16	4,647	5,018	AA+
FN 739168 @ 5.500%, due 09/01/18	7,797	8,259	AA+
FN 743002 @ 5.500%, due 10/01/18	5,456	5,738	AA+
FN 745506 @ 5.662%, due 02/01/16	417,378	474,457	AAA
FN #889970 @ 5.000%, due 12/01/36	128,047	134,780	AA+
FN 904529 @ 6.500%, due 01/01/37	252,578	276,902	AA+
FN #922270 @ 5.500%, due 12/01/36	299,199	329,022	AA+
FN 942285 @ 6.000%, due 08/01/37	92,715	101,565	AA+
FN #966123 @ 6.000%, due 10/01/37	271,067	294,202	AA+
FN AA9592 @ 6.000%, due 01/01/39	250,850	265,313	AA+
FN AC5849 @ 5.000%, due 05/01/40	206,765	220,466	AA+
FN AC9290 @ 5.000%, due 04/01/41	391,017	405,945	AA+
FN AL0249 @ 5.500%, due 08/01/37	284,436	287,461	AA+
GCCFC 2003-C2 A3 @ 4.533%, due 01/05/36	39,185	38,232	AAA
LB-UBS 2003-C8 A3 @ 4.830%, due 11/15/27	95,000	95,300	AAA
WBCMT 2005-C18 A4 @ 4.935%, due 04/15/42	186,422	186,158	AAA
<b>Total Asset and Mortgage Backed Securities - Richmond</b>	<b>5,598,568</b>	<b>5,868,171</b>	
<b>Government Bonds</b>			
US Treasury N/B @ 4.750%, due 02/15/37	367,070	429,177	AA+
<b>Total Government Bonds - Richmond</b>	<b>367,070</b>	<b>429,177</b>	
<b>Municipal Bonds</b>			
NJ TPK-TXB-A-BABS @ 7.102%, due 01/01/41	102,480	143,173	A+
<b>Total Municipal Bonds - Richmond</b>	<b>102,480</b>	<b>143,173</b>	
<b>Corporate Bonds</b>			
Ace Ina Holdings @ 8.875%, due 08/15/29	151,685	178,242	A
Aflac Inc @ 8.500%, due 05/15/19	1,185,768	1,218,877	A-
Allstate Corp @ 7.450%, due 05/16/19	133,066	137,435	A-
American Express Credit Co @ 5.875%, due 05/02/13	130,505	128,923	A-
American Express Credit Co @ 7.300%, due 08/20/13	140,112	148,336	A-
Ameritech Capital Funding @ 6.550%, due 01/15/28	119,556	132,729	A-
Anheuser-Busch Inbev Word @ 3.000%, due 10/15/12	255,125	250,216	A
Archer Daniels Midland Co Debenture @ 7.500%, due 03/15/27	82,416	82,820	A
AXA Financial Inc @ 7.000%, due 04/01/28	145,184	156,838	A
Bank of New York Mellon @ 4.950%, due 03/15/15	149,110	168,606	A
Bank of America Corp @ 7.625%, due 06/01/19	1,050,780	1,055,103	A-

See Accompanying Independent Auditors' Report.

MARIANAS PUBLIC LAND TRUST

SCHEDULE 1A

Schedule of Investments - General Fund  
September 30, 2012

Fixed Income Securities, Continued	Cost	Fair Value	Ratings
<b>Corporate Bonds, Continued</b>			
Bank of America Corp @ 5.000%, due 05/13/21	142,830	164,863	A-
BB&T Corp @ 4.750%, due 10/01/12	100,380	105,006	BBB+
Becton Dickinson & Co Debentures @ 7.000%, due 08/01/27	140,363	178,667	A+
Boeing Co @ 7.250%, due 06/15/25	56,270	69,170	A
Burlingtn North Santa Fe @ 6.150%, due 05/01/37	89,958	110,748	BBB+
Campbell Soup Co@ 8.875%, due 05/01/21	92,869	102,783	BBB+
Charles Schwab Corp @ 4.950%, due 06/01/14	249,987	246,503	A
CitiGroup Inc @ 5.300%, due 10/17/12	322,308	315,602	A-
CitiGroup Inc @ 8.500%, due 05/22/19	1,227,129	1,230,137	A-
General Elec Cap Corp @ 6.000%, due 08/07/19	1,134,605	1,137,232	AA+
General Electric Capital Corp @ 6.750%, due 03/15/32	93,857	108,879	AA+
General Electric Capital Corp @ 5.250%, due 10/19/12	376,478	350,776	AA+
Goldman Sachs Group Inc @ 6.000%, due 06/15/20	152,006	167,197	A-
Goldman Sachs Group Inc @ 7.500%, due 02/15/19	1,064,931	1,072,644	A-
Historic TW Inc @ 6.625%, due 05/15/29	90,552	100,321	BBB
JP Morgan Chase & Co @ 6.300%, due 04/23/19	1,069,646	1,075,655	A
JP Morgan Chase & Co @ 4.250%, due 10/15/20	106,428	114,717	A
JP Morgan Chase & Co @ 4.350%, due 08/15/21	34,968	38,576	A
Kellogg Co @ 7.450%, due 04/01/31	122,791	118,768	BBB+
Keycorp @ 6.500%, due 05/14/13	27,568	25,887	BBB+
Kraft Foods Inc @ 2.625%, due 05/08/13	202,908	202,325	BBB-
Lincoln Natl Corp @ 8.750%, due 07/01/19	145,980	157,208	A-
Markel Corporation @ 5.350%, due 06/01/21	125,613	134,991	BBB
Mellon Funding Corp @ 5.000%, due 12/01/14	124,657	138,948	A
Metlife Inc @ 7.717%, due 02/15/19	1,214,944	1,231,072	A-
Morgan Stanley @ 5.750%, due 01/25/21	38,784	43,918	A-
Morgan Stanley @ 7.300%, due 05/13/19	941,928	944,010	A-
Morgan Stanley @ 6.625%, due 04/01/18	192,366	206,821	A-
News America Inc @ 8.500%, due 02/23/25	116,530	134,773	BBB+
Ohio Power Co @ 5.750%, due 09/01/13	209,832	219,935	BBB
Pitney Bowes Inc @ 4.750%, due 01/15/16	623,309	621,561	BBB+
PNC Funding Corp @ 5.625%, due 02/01/17	204,627	225,612	BBB+
Prudential Financial Inc @ 6.100%, due 06/15/17	218,080	229,835	A
Suntrust Banks Inc @ 6.000%, due 02/15/26	51,911	52,162	BBB-
UBS AG Stamford Ct @ 5.875%, due 12/20/17	1,226,599	1,225,286	A
Wachovia Corp @ 6.605%, due 10/01/25	67,642	74,824	A
Wells Fargo & Co @ 4.600%, due 04/01/21	499,271	502,468	A+
Wisconsin Power and Light @ 6.375%, due 08/15/37	99,430	141,235	A-
<b>Total Corporate Bonds - Richmond</b>	<b>16,543,642</b>	<b>16,979,240</b>	
AES Corp @ 8.000%, due 10/15/17	87,805	98,175	BB-
Affinion Group, Inc. @ 7.875%, due 12/15/18	53,459	49,051	CCC+
Aircastle Ltd @ 6.750%, due 04/15/17	31,610	33,403	BB+
Alliant Techsystems Inc. @ 6.875%, due 09/15/20	93,702	98,082	BB-
Ally Financial Inc @ 8.000%, due 03/15/20	43,130	44,439	AA+
Ally Financial Inc @ 8.000%, due 11/01/31	80,580	99,139	B+
Ameristar Casinos Inc @ 7.500%, due 04/15/21	54,750	53,748	B+
Autonation Inc @ 6.750%, due 04/15/18	76,775	84,295	BB+
Autonation Inc @ 5.500%, due 02/01/20	30,450	32,033	BB+
Ball Corp @ 5.750%, due 05/15/21	49,850	53,874	BB+
Caesars Entertainment Op @ 11.250%, due 06/01/17	53,175	53,750	B
CCO Hldgs LLC/Cap Corp @ 7.250%, due 10/30/17	98,045	103,550	BB-
CCO Hldgs LLC/Cap Corp @ 6.500%, due 04/30/21	49,493	53,521	BB-
Chesapeake Energy Corp @ 7.250%, due 12/15/18	149,806	150,500	BB-
CHS Community Health System @ 7.125%, due 07/15/20	56,169	58,665	B
Cinemark USA Inc. @ 8.625%, due 06/15/19	48,975	49,950	B+
CIT Group Inc @ 5.000%, due 05/15/17	146,276	154,789	BB-
Clear Channel Worldwide Holdings Inc. @ 7.625%, due 03/15/20	108,623	106,275	B
CNH America LLC @ 7.250%, due 01/15/16	44,375	50,513	BB+
Constellation Brands Inc @ 8.375%, due 12/15/14	74,961	79,363	BB+

See Accompanying Independent Auditors' Report.

MARIANAS PUBLIC LAND TRUST

SCHEDULE 1A

Schedule of Investments - General Fund  
September 30, 2012

Fixed Income Securities, Continued	Cost	Fair Value	Ratings
<b>Corporate Bonds, Continued</b>			
Corrections Corp of Amer @ 7.750%, due 06/01/17	74,077	75,077	BB
Crown Castle Intl Corp @ 9.000%, due 01/15/15	48,150	48,263	B-
CSC Holdings Inc @ 7.625%, due 07/15/18	47,200	51,862	BB+
Dish DBS Corp @ 7.125%, due 02/01/16	142,655	154,704	BB-
El Paso Corp @ 7.000%, due 06/15/17	91,500	103,276	BB
Energy Futures/Efin Finan @ 10.000%, due 12/01/20	102,318	106,841	B-
Energy Transfer Equity @ 7.500%, due 10/15/20	147,635	158,900	BB
First Data Corp @ 9.875%, due 09/24/15	36,732	40,800	B-
Ford Motor Credit @ 7.000%, due 10/01/13	92,925	100,427	BB+
Freescale Semiconduc Inc @ 10.125%, due 12/15/16	13,486	16,600	CCC+
Genon Energy, Inc. @ 9.875%, due 10/15/20	74,305	81,030	B-
Genworth Financial Inc @ 7.625%, due 09/24/21	40,310	40,823	BBB
HCA Inc. @ 7.875%, due 02/15/20	116,096	123,635	BB
Health Mgmt Assoc @ 6.125%, due 04/15/16	43,538	49,050	BB-
Host Hotels & Resorts, L.P. @ 5.875%, due 06/15/19	106,000	109,979	BB+
Huntington Ingalls Indus @ 6.875%, due 03/15/18	107,740	110,543	B+
Icahn Enterprises/Fin @ 8.000%, due 01/15/18	137,581	144,798	BBB-
Intelsat Jackson Holdings @ 7.250%, due 04/01/19	105,299	108,000	B
Intl Lease Finance Corp @ 5.625%, due 09/20/13	45,459	51,563	BBB-
Intl Lease Finance Corp @ 8.25%, due 12/15/20	57,522	63,076	BBB-
Iron Mountain Inc @ 8.375%, due 08/15/21	52,964	55,376	B+
Kinder Morgan Finance @ 5.700%, due 01/05/16	65,484	71,247	BB
Leucadia National Corp @ 8.125%, due 09/15/15	85,065	90,205	BB+
Level 3 Financing, Inc. @ 8.125%, due 07/01/19	26,687	26,563	CCC
Linn Energy LLC/Fin Corp @ 7.750%, due 02/01/21	53,179	54,990	B
Markwest Energy Part/Fin @ 6.750%, due 11/01/20	51,573	54,125	BB
Masco Corp @ 5.950%, due 03/15/22	104,779	115,043	BBB-
MGM Resorts Intl @ 7.625%, due 01/15/17	50,125	53,000	B-
Midwest Generation LLC @ 8.560%, due 01/02/16	17,327	15,444	B-
Newfield Exploration Co @ 7.125%, due 05/15/18	45,945	47,475	BB+
NRG Energy Inc @ 8.500%, due 06/15/19	103,261	108,004	BB-
Paetec Holding Corp @ 8.875%, due 06/30/17	46,106	48,825	BB-
Peabody Energy Corp @ 6.500%, due 09/15/20	52,130	53,170	BB+
Penn National Gaming Inc @ 8.750%, due 08/15/19	73,474	78,400	BB
Pioneer Natural Resource @ 5.875%, due 07/15/16	32,550	39,873	BBB-
Plains Exploration & Pro @ 6.625%, due 05/01/21	59,080	56,840	BB-
Range Resources Corp. @ 6.750%, due 08/01/20	96,101	99,007	BB
Regions Financial Corp @ 5.750%, due 06/15/15	54,450	59,049	BBB-
Rite Aid Corp @ 7.500%, due 03/01/17	51,060	51,373	B-
Sandridge Energy Inc @ 7.500%, due 03/15/21	111,580	115,360	B
Sealed Air Corp @ 7.875%, due 06/15/17	42,762	42,794	BB-
Sears Holdings Corp @ 6.625%, due 10/15/18	101,817	116,561	B
Servicemaster Company @ 8.000%, due 02/15/20	59,830	58,300	B-
Smithfield Foods Inc @ 7.750%, due 07/01/17	37,893	50,625	BB
Sprint Capital Corp @ 6.900%, due 05/01/19	140,010	166,000	B+
Tenet Healthcare Corp @ 9.250%, due 02/01/15	58,096	61,875	CCC+
UR Merger Sub Corp @ 9.250%, due 12/15/19	99,931	107,111	B+
Visteon Corp @ 6.750%, due 04/15/19	50,490	53,550	B+
Wynn Las Vegas, LLC/Corp @ 7.875%, due 05/01/20	55,402	56,100	BBB-
Zayo Group LLC/Zayo Cap @ 8.125%, due 01/01/20	61,462	60,087	B
<b>Total Corporate Bonds - Seix</b>	<b>5,003,150</b>	<b>5,312,734</b>	
Allegheny Technologies @ 4.25%, due 06/01/14	161,980	119,535	BBB-
Amgen Inc @ 0.375%, due 02/01/13	105,851	116,811	A+
Anixter Intl Inc @ 1.00%, due 02/15/13	60,616	57,829	B+
Avis Budget Group Inc @ 3.50%, due 10/01/14	125,150	125,475	NA
Biomarin Pharmaceutical @ 1.875%, due 04/23/17	75,202	108,408	No rating
Chart Industries Inc @ 2.000%, due 08/01/18	59,563	68,028	B+
Coinstar Inc @ 4.00%, due 09/01/14	80,046	69,271	BB-
Covanta Holding Corp @ 3.250%, due 06/01/14	62,400	60,714	B+

See Accompanying Independent Auditors' Report.

MARIANAS PUBLIC LAND TRUST

SCHEDULE 1A

Schedule of Investments - General Fund  
September 30, 2012

Fixed Income Securities, Continued	Cost	Fair Value	Ratings
<b>Corporate Bonds, Continued</b>			
Danaher Corp @ 0.000%, due 01/22/21	144,764	168,343	A+
EMC Corp @ 1.75%, due 12/01/13	161,175	180,277	A
Exelixis Inc @ 4.250%, due 08/15/19	62,238	59,360	NA
Gilead Sciences Inc @ 1.00%, due 05/01/14	170,881	236,285	A-
Hologic Inc @ 2.000%, due 03/01/42	95,695	102,539	B+
Hornbeck Offshore Serv @ 1.625%, due 11/15/26	53,409	54,036	BB-
Intel Corp @ 2.950%, due 12/15/35	58,200	56,547	A-
Interdigital Inc @ 2.500%, due 03/15/16	51,139	53,716	NA
Intl Game Technology @ 3.25%, due 05/01/14	122,200	108,615	BBB
L-3 Comms Hldgs Inc @ 3.00%, due 08/01/35	105,850	105,226	BB+
Medtronic Inc @ 1.625%, due 04/15/13	52,582	52,163	A+
MGM Resorts Intl @ 4.25%, due 04/15/15	56,124	53,989	B-
Molson Coors Brewing Co @ 2.50%, due 07/30/13	121,013	108,675	BBB-
Newmont Mining Corp @ 1.25%, due 07/15/14	74,030	71,385	BBB+
Newpark Resources Inc @ 4.00%, due 10/01/17	46,862	54,041	B-
Nuance Communications @ 2.75%, due 08/15/27	61,238	61,594	BB-
Omicare Inc @ 3.750%, due 12/15/25	134,808	129,930	BB
Omnicom Group Inc @ 0.000%, due 07/01/38	113,400	115,332	BBB+
On Semiconductor Corp @ 2.625%, due 12/15/26	121,696	121,048	BB
Peabody Energy Corp @ 4.75%, due 12/15/41	202,800	131,805	B+
Salix Pharmaceuticals Lt @ 2.750%, due 05/15/15	110,604	111,173	NA
Sandisk Corp @ 1.500%, due 08/15/17	62,471	60,011	BB
SBA Communications Corp @ 4.000%, due 10/01/14	97,911	110,233	NA
Steel Dynamics Inc @ 5.125%, due 06/15/14	134,285	108,745	BB+
Symantec Corp @ 1.000%, due 06/15/13	61,549	57,406	BBB
Teleflex Inc @ 3.875%, due 08/01/17	111,825	132,160	BB-
Teva Pharm Fin Co LLC @ 0.250%, due 02/01/26	110,439	111,038	A-
Transocean Inc @ 1.50%, due 12/15/37	102,763	104,081	BBB-
TTM Technologies @ 3.25%, due 05/15/15	61,100	52,541	BB-
Verisign Inc @ 3.25%, due 08/15/37	60,950	81,001	NA
Wabash National Corp @ 3.375%, due 05/01/18	53,788	52,043	NA
Wesco International Inc @ 6.00%, due 09/15/29	107,380	111,335	B
Xilinx Inc. @ 2.625%, due 06/15/17	120,347	119,096	BBB+
<b>Total Corporate Bonds - MacKay Shields</b>	<u>3,936,324</u>	<u>3,961,840</u>	
<b>Total Corporate Bonds</b>	<u>25,483,116</u>	<u>26,253,814</u>	
<b>Total Fixed Income Securities</b>	<u>31,551,234</u>	<u>32,694,335</u>	
<b>Total Mutual Funds, Equities and Fixed Income Securities</b>	<u>\$ 50,873,141</u>	<u>\$ 52,736,865</u>	

See Accompanying Independent Auditors' Report.

## MARIANAS PUBLIC LAND TRUST

## SCHEDULE 1B

Schedule of Investments - Park Fund  
September 30, 2012

<b>Mutual Funds</b>	<u>Cost</u>	<u>Fair Value</u>
Templeton Global Bond Fd-Ad	\$ 781,714	\$ 777,645
<b>Total Mutual Funds</b>	<u>781,714</u>	<u>777,645</u>
<b>Equities</b>		
<b>Domestic Preferred Stock</b>		
AMG Capital Trust I	22,907	23,504
Apache Corp	33,244	27,956
Bank of America Corp	28,216	31,581
Energy XXI Bermuda	16,109	17,790
General Motors Co	9,217	6,226
Goodyear Tire & Rubber	13,700	10,071
Hartford Fin Svcs Grp	7,894	5,692
Metlife Inc	16,727	19,287
Nielsen Holdings NV	16,709	16,563
PPL Corporation	15,910	15,381
Stanley Black & Decker I	16,641	18,151
United Technologies Corp	16,389	17,182
Wells Fargo & Company	7,063	8,665
<b>Total Domestic Preferred Stock - MacKay Shields</b>	<u>220,726</u>	<u>218,049</u>
<b>Domestic Common Stock</b>		
Abbott Laboratories	45,002	56,219
Apple Inc	8,931	60,039
Baxter Intl Inc	38,822	42,189
Boeing Co/The	40,871	38,276
Cigna Corp	39,097	42,453
Deere & Co	41,172	38,761
Diageo Plc-Sponsored ADR	46,218	58,620
Dow Chemical Co/The	36,850	31,850
Ebay Inc	28,530	43,533
EMC Corp/Ma	49,252	51,813
Franklin Resources Inc	34,154	40,022
HJ Heinz Co	37,627	40,284
Hershey Co/The	44,880	51,750
Hess Corp	46,065	44,588
Home Depot Inc	37,975	57,351
Hospira Inc	14,116	13,128
Huntington Ingalls Industrie	16,231	18,922
Intl Business Machines Corp	31,509	51,862
Intuit Inc	46,016	47,104
JPMorgan Chase & Co	41,367	42,504
M&T Bank Corp	35,649	42,822
Nextera Energy Inc	41,867	49,231
Northern Trust Corp	37,080	41,774
Northrop Grumman Corp	41,482	46,501
Occidental Petroleum Corp	41,743	43,030
Oracle Corp	36,598	48,763
Pepsico Inc	39,591	41,047
QEP Resources Inc	27,341	30,077
Qualcomm Inc	35,494	40,605
Schlumberger Ltd	36,091	36,166
Schwab (Charles) Corp	39,641	42,191
SPX Corp	33,278	31,397
Suntrust Bks Inc	37,144	43,819
Texas Instruments Inc	34,241	28,933
Tiffany & Co	18,418	21,658
Time Warner Inc	46,531	55,762
TRW Automotive Holdings Corp	35,400	39,340
Unilever NV-NY Shares	36,729	39,028
United Parcel Service CL-B	42,330	40,794

See Accompanying Independent Auditors' Report.

## MARIANAS PUBLIC LAND TRUST

## SCHEDULE 1B

Schedule of Investments - Park Fund  
September 30, 2012

Equities, Continued	Cost	Fair Value
<b>Domestic Common Stock, Continued</b>		
Vodafone Group PLC-Sp ADR	34,288	35,625
Zions Bancorporation	29,538	37,188
<b>Total Domestic Common Stock - Metropolitan West</b>	<b>1,485,159</b>	<b>1,707,019</b>
<b>International Common Stock</b>		
AKBank T.A.S.-ADR	3,770	3,136
America Movil-ADR Series L	6,067	6,764
Banco Do Brasil SA Spon ADR	10,769	8,570
Banco Macro SA-ADR	4,768	2,326
Bank Mandiri Tbk-Unspon ADR	5,102	5,770
Bidvest Group Ltd-Spons ADR	5,974	6,449
China Construct-UnSpon ADR	9,344	8,333
China Mobile Ltd-Spon ADR	7,117	7,695
CIA Siderurgica Nacl-Sp ADR	6,604	2,562
Cielo SA-Sponsored ADR	3,763	5,234
Clicks Group Ltd-Unsp ADR	5,047	5,469
CNOOC Ltd-ADR	4,445	4,663
Commercial Intl Bank-ADR	2,930	3,097
Companhia De Bebidas-Prf ADR	3,839	4,822
Gazprom OAO-Spon ADR	5,392	4,984
Grupo Televisa SA-Spon ADR	3,562	4,655
Infosys Ltd-Sp ADR	3,530	3,495
KB Financial Group Inc-ADR	6,369	6,105
Kimberly-Clark De Mexico-ADR	3,527	6,089
KOC HoldingAs-Unspon ADR	3,598	4,630
Mobile Telesystems-Sp ADR	6,950	6,045
Nedbank Group Ltd-Spons ADR	4,125	5,698
Netease Inc-ADR	3,150	4,210
Lukoil OAO-Spon ADR	4,317	4,738
Orascom Construc-Spon ADR	5,954	5,924
Oriflame Cosmetics-Unspn ADR	7,550	4,653
Philippine Long Dist-Sp ADR	6,620	7,723
Pretoria Portland-Unspon ADR	3,633	2,752
PTT Exploration & Pr-Sp ADR	3,014	2,632
Sanlam Ltd-Sponsored ADR	2,542	4,038
Sberbank-Sponsored ADR	8,566	8,084
Semen Gresik-Unspon ADR	2,321	3,263
Shinhan Financial Group-ADR	6,742	5,908
Shoprite Holdings-Unsp ADR	2,615	5,589
Standard Bank Group- Spon ADR	3,906	3,741
Taiwan Semiconductor-Sp ADR	5,568	8,037
Telekomunik Indonesia-Sp ADR	7,308	7,825
Tiger Brands Ltd-SponS ADR	2,807	4,099
Turkcell Iletisim Hizmet-ADR	7,442	6,904
United Tractors-Unspon ADR	4,025	4,327
Vale SA-Sp Pref ADR	8,467	6,128
Vodacom Group Ltd-Unsp ADR	3,406	3,013
Weichai Power Co-Unsp ADR	5,524	3,368
YPF S.A.- Sponsored ADR	5,263	1,547
<b>Subtotal - Lazard</b>	<b>227,332</b>	<b>225,094</b>
AAC Technologies H-Unspon AD	2,100	2,641
Advanced Semiconductor E-ADR	3,554	2,691
Agile Property-Unspon ADR	2,017	1,871
America Movil-ADR Series L	5,638	5,593
Anhui Conch Cement-H-Uns ADR	2,976	2,627
Antofagasta Plc-Spon ADR	3,394	3,284
Baidu Inc-Spon ADR	5,712	5,494
Banco Bradesco-ADR	3,888	3,487
Bank Mandiri Tbk-Unspon ADR	2,554	2,814

See Accompanying Independent Auditors' Report.

MARIANAS PUBLIC LAND TRUST

SCHEDULE 1B

Schedule of Investments - Park Fund  
September 30, 2012

Equities, Continued	Cost	Fair Value
<b>International Common Stock, Continued</b>		
BRF - Brasil Foods SA-ADR	987	1,107
Carlsberg As-B-Spon ADR	2,393	2,523
China Communicati-Unspon ADR	2,453	2,199
China Construct-Unspon ADR	7,275	5,513
China Minsheng Banking-ADR	1,988	1,636
China Overseas Lan-Unspon ADR	2,661	2,931
CIA De Minas Buenaventur-ADR	3,006	3,040
CNOOC Ltd-ADR	4,359	4,866
Credicorp Ltd	2,756	2,881
Doctor Reddy's Lab-ADR	1,306	1,451
Galaxy Entertainment Grp-ADR	1,837	2,219
Gazprom OAO-Spon ADR	3,776	3,361
HDFC Bank Ltd-ADR	4,850	5,674
Icici Bank Ltd-Spon ADR	3,830	4,375
Ind & Comm Bk of-Unspon ADR	4,839	3,999
Infosys Ltd-Sp ADR	3,634	3,058
Itau Unibanco Hldng-Pref ADR	7,959	5,578
Jiangxi Copper Co-Spons ADR	2,329	2,194
KB Financial Group Inc-ADR	5,512	4,729
Keppel Corp Ltd-Spons ADR	3,633	3,847
Las Vegas Sands Corp	4,418	5,332
Lukoil OAO-Spon ADR	5,918	6,031
MMC Norilsk Nickel Jsc-ADR	2,040	1,945
Mobile Telesystems-Sp ADR	1,966	1,962
Naspers Ltd-N SHS Spon ADR	3,339	4,656
Pacific Rubiales Energy Corp	3,418	3,504
Perusahaan Gas Ne-Unspon ADR	1,932	2,024
Petroleo Brasileiro S.A-ADR	3,229	2,042
Petroleo Brasileiro-Spon ADR	3,532	2,251
Posco-ADR	2,183	1,876
Sberbank-Sponsored ADR	5,146	5,114
Sembcorp Marine Ltd-Unsp ADR	1,956	1,968
Shinhan Financial Group-ADR	5,471	4,767
Siliconware Precision-Sp ADR	3,909	3,686
Silver Standard Resources	4,828	4,040
Southern Copper Corp	2,978	3,128
Taiwan Semiconductor-Sp ADR	4,142	6,107
Tata Motors Ltd-Spon ADR	1,854	2,235
Telefonica Brasil-ADR	2,820	2,479
Tencent Holdings Ltd-Uns ADR	1,970	2,609
Tim Participacoes SA-ADR	2,338	1,653
Turkiye Garanti Bankasi-ADR	3,894	3,971
Vale SA-Sp ADR	7,839	5,084
Yamana Gold Inc	2,500	3,231
Yandex NV-A	1,450	1,884
Zijin Mining Group-Unsp ADR	1,052	1,192
Zoomlion Heavy Indus-Uns ADR	2,136	2,009
<b>Subtotal - Newgate</b>	<u>191,474</u>	<u>184,463</u>
<b>Total International Common Stock</b>	<u>418,806</u>	<u>409,557</u>
<b>Closed End Funds</b>		
India Fund Inc	897	1,022
<b>Total Closed End Funds - Newgate</b>	<u>897</u>	<u>1,022</u>
<b>Exchange Traded Funds</b>		
Ishares MSCI South Korea Ind	8,099	8,515
<b>Total Exchanged Traded Funds - Newgate</b>	<u>8,099</u>	<u>8,515</u>
<b>Total Equities</b>	<u>2,133,687</u>	<u>2,344,162</u>

See Accompanying Independent Auditors' Report.

MARIANAS PUBLIC LAND TRUST

SCHEDULE 1B

Schedule of Investments - Park Fund  
September 30, 2012

Fixed Income Securities	Cost	Fair Value	Ratings
<b>Asset &amp; Mortgage Backed Securities</b>			
BACM 2005-3 A3A @ 4.621%, due 07/10/43	25,313	25,500	AAA
CSFB 2002-CKN2 A3 @ 6.133%, due 04/15/37	592	580	AAA
FG A39210 @ 5.500%, due 10/01/35	28,415	30,704	AA+
FG A47758 @ 5.000%, due 11/01/35	12,912	14,475	AA+
FG A87388 @ 5.000%, due 07/01/39	58,141	61,862	AA+
FG G11736 @ 5.000%, due 04/01/20	14,333	15,382	AA+
FG G13174 @ 5.000%, due 06/01/23	15,441	16,234	AA+
FG G14011 @ 5.000%, due 07/01/25	161,233	160,033	AA+
FN AJ4557 @ 4.000%, due 11/01/41	19,933	20,875	AA+
FN 256552 @ 5.500%, due 01/01/37	19,438	19,667	AA+
FN 603265 @ 5.500%, due 09/01/16	697	753	AA+
FN 739168 @ 5.500%, due 09/01/18	1,299	1,376	AA+
FN 743002 @ 5.500%, due 10/01/18	909	956	AA+
FN 745506 @ 5.662%, due 02/01/16	43,935	49,943	AAA
FN 831831 @ 6.000%, due 09/01/36	11,845	13,045	AA+
FN 922270 @ 5.500%, due 12/01/36	26,955	29,642	AA+
FN 966123 @ 6.000%, due 10/01/37	30,119	32,689	AA+
FN AC5849 @ 5.000%, due 05/01/40	20,676	22,047	AA+
FN AC9290 @ 5.000%, due 04/01/41	21,967	22,806	AA+
GCCFC 2003-C2 A3 @ 4.533%, due 01/05/36	4,710	4,640	AAA
GN 782379 @ 6.000%, due 08/15/38	6,269	7,081	AA+
JPMCC 2003-ML1A A2 @ 4.767%, due 03/12/39	27,236	28,135	NA
LBUBS 2006-C1 A4 @ 5.156%, due 02/15/31	43,512	44,862	AAA
<b>Total Asset &amp; Mortgage Backed Securities - Garcia Hamilton</b>	<b>595,880</b>	<b>623,287</b>	
<b>Government Bonds</b>			
U.S. Treasury N/B @ 4.750%, due 02/15/37	26,782	34,611	AA+
<b>Total Government Bonds - Garcia Hamilton</b>	<b>26,782</b>	<b>34,611</b>	
<b>Corporate Bonds</b>			
Ace Ina Holdings @ 8.875%, due 08/15/29	6,595	7,750	A
Aflac Inc @ 8.500%, due 05/15/19	124,410	127,245	A-
Allstate Corp @ 7.450%, due 05/16/19	19,010	19,634	A-
American Express Co @ 4.875%, due 07/15/13	9,733	10,339	BBB+
Amer Express Credit Co @ 5.875%, due 05/02/13	26,337	25,785	A-
Ameritech Capital Funding @ 6.550%, due 01/15/28	5,202	5,771	A-
Anheuser-Busch Inbev Wor @ 3.000%, due 10/15/12	51,025	50,043	A
Apache Corp @ 5.100%, due 09/01/40	5,849	5,997	A-
Archer Daniels @ 7.500%, due 03/15/27	12,532	13,803	A
AXA Financial Inc @ 7.000%, due 04/01/28	9,660	11,202	A
Bank of America Corp @ 7.625%, due 06/01/19	124,690	124,864	A-
Bank of New York Mellon @ 5.450%, due 05/15/19	10,055	11,882	A+
BB&T Corporation @ 4.750%, due 10/01/12	15,500	15,001	BBB+
Becton Dickinson @ 7.000%, due 08/01/27	5,380	6,872	A+
Becton Dickinson @ 6.000%, due 05/15/39	6,231	6,787	A+
Boeing Co @ 7.250%, due 06/15/25	11,254	13,834	A
Burlington North Santa Fe @ 6.150%, due 05/01/37	4,785	6,515	BBB+
Campbell Soup Co @ 8.875%, due 05/01/21	6,633	7,342	BBB+
Chubb Corp @ 6.600%, due 08/15/18	5,081	6,254	A+
Chubb Corp @ 6.800%, due 11/15/31	5,812	6,845	A+
Citigroup Inc @ 5.300%, due 10/17/12	35,812	35,067	A-
Citigroup Inc @ 8.500%, due 05/22/19	125,550	125,659	A-
Coca Cola Refresh USA @ 6.950%, due 11/15/26	5,731	6,917	AA-
Comcast Cable Comm Hldgs @ 9.455%, due 11/15/22	12,139	14,934	BBB+
Diageo Capital PLC @ 5.200%, due 01/30/13	52,420	50,781	A-
Dover Corp @ 6.600%, due 03/15/38	6,755	7,344	A
Fifth Third Bancorp @ 6.250%, due 05/01/13	26,183	25,809	BBB
General Electric Cap Corp @ 6.000%, due 08/07/19	121,342	121,629	AA+
General Electric Cap Corp @ 6.750%, due 03/15/32	5,500	6,405	AA+

See Accompanying Independent Auditors' Report.

MARIANAS PUBLIC LAND TRUST

SCHEDULE 1B

Schedule of Investments - Park Fund  
September 30, 2012

Fixed Income Securities, Continued	Cost	Fair Value	Ratings
<b>Corporate Bonds , Continued</b>			
Goldman Sachs Group Inc @ 7.500%, due 02/15/19	123,297	124,005	A-
Goldman Sachs Group Inc @ 6.000%, due 06/15/20	5,056	5,765	A-
Halliburton Company @ 6.700%, due 09/15/38	5,861	7,104	A
Hartford Finl Svcs Grp @ 6.300%, due 03/15/18	15,822	17,379	BBB
HJ Heinz Co @ 6.375%, due 07/15/28	5,156	6,106	BBB+
Historic TW Inc @ 6.625%, due 05/15/29	11,319	12,540	BBB
Honeywell International @ 4.250%, due 03/01/2013	45,256	44,715	A
JP Morgan Chase & Co @ 4.250%, due 10/15/20	10,136	10,925	A
JP Morgan Chase & Co @ 6.300%, due 04/23/19	114,815	116,785	A
Keycorp @ 6.500%, due 05/14/13	5,514	5,177	BBB+
Lincoln National Corp @ 8.750%, due 07/01/19	12,165	13,101	A-
Lockheed Martin Corp @ 4.850%, due 09/15/41	4,952	5,668	A-
Markel Corporation @ 5.350%, due 06/01/21	10,049	10,799	BBB
Mellon Funding Corp @ 5.000%, due 12/01/14	9,998	10,688	A
Metlife Inc @ 7.717%, due 02/15/19	129,146	130,273	A-
Morgan Stanley @ 7.300%, due 05/13/19	129,720	129,802	A-
News America Inc @ 8.500%, due 02/23/25	11,583	13,477	BBB+
Norfolk Southern Corp @ 7.800%, due 05/15/27	6,294	7,194	BBB+
Ohio Power Company @ 5.750%, due 09/01/13	14,988	15,710	BBB
Pitney Bowes Inc @ 4.750%, due 01/15/16	64,460	64,299	BBB+
PNC Funding Corp @ 5.625%, due 02/01/17	9,923	11,511	BBB+
Prudential Financial Inc @ 6.100%, due 06/15/17	16,071	17,680	A
UBS AG Stamford CT @ 5.875%, due 12/20/17	124,438	124,304	A
United Technologies Corp @ 8.875%, due 11/15/19	13,734	13,780	A
US Bank NA @ 4.800%, due 04/15/15	4,788	5,504	A+
Verizon Virginia Inc @ 4.625%, due 03/15/13	26,053	25,460	A-
Wells Fargo & Company @ 4.600%, due 04/01/21	51,649	51,980	A+
Wisconsin Power & Light @ 6.375%, due 08/15/37	4,971	7,062	A-
<b>Total Corporate Bonds - Garcia Hamilton &amp; Associates</b>	<b>1,844,420</b>	<b>1,887,103</b>	
AES Corporation @ 8.000%, due 10/15/17	14,543	16,170	BB-
Affinion Group Inc @ 7.875%, due 12/15/18	7,898	7,358	CCC+
Aircastle Limited @ 6.750%, due 04/15/17	5,095	5,388	BB+
Alliant Techsystems Inc @ 6.875%, due 09/15/20	15,745	16,346	BB-
Ally Financial Inc @ 8.000%, due 03/15/20	7,945	8,186	AA+
Ally Financial Inc @ 8.000%, due 11/01/31	13,038	16,328	B+
Ameristar Casinos Inc @ 7.500%, due 04/15/21	8,760	8,600	B+
Autonation Inc @ 6.750%, due 04/15/18	14,350	15,736	BB+
Ball Corp @ 5.750%, due 05/15/21	7,880	8,620	BB+
Caesars Entertainment Op @ 11.250%, due 06/01/17	8,620	8,600	B
CCO Hldgs LLC/Cap Corp @ 6.500%, due 04/30/21	7,890	8,563	BB-
CCO Hldgs LLC/Cap Corp @ 7.250%, due 10/30/17	14,403	15,260	BB-
Chesapeake Energy Corp @ 7.250%, due 12/15/18	14,407	15,050	BB-
CHS Community Health Sys @ 7.125%, due 07/15/20	8,170	8,533	B
Cinemark USA Inc. @ 8.625%, due 06/15/19	6,532	6,660	B+
CIT Group Inc @ 5.000%, due 05/15/17	22,193	23,485	BB-
Clear Channel Worldwide @ 7.625%, due 03/15/20	15,946	15,600	B
CNH America LLC @ 7.250%, due 01/15/16	8,240	8,981	BB+
Constellation Brands Inc @ 8.375%, due 12/15/14	15,135	15,874	BB+
Corrections Corp of Amer @ 7.750%, due 06/01/17	13,723	13,943	BB
Crown Castle Intl Corp @ 9.000%, due 01/15/15	5,300	5,363	B-
CSC Holdings Inc @ 7.625%, due 07/15/18	5,163	5,763	BB+
Dish DBS Corp @ 7.125%, due 02/01/16	22,203	24,310	BB-
El Paso Corporation @ 7.000%, due 06/15/17	13,930	16,065	BB
Energy Future/EFIH Finan @ 10.000%, due 12/01/20	15,038	15,745	B-
Energy Transfer Equity @ 7.500%, due 10/15/20	21,096	22,700	BB
First Data Corporation @ 9.875%, due 9/24/15	6,458	7,140	B-
Ford Motor Credit Co LLC @ 7.000%, due 10/01/13	12,345	13,743	BB+
Freescale Semiconductor @ 10.125%, due 12/15/16	3,372	4,150	CCC+
Genon Energy Inc @ 9.875%, due 10/15/20	11,255	12,210	B-

See Accompanying Independent Auditors' Report.

MARIANAS PUBLIC LAND TRUST

SCHEDULE 1B

Schedule of Investments - Park Fund  
September 30, 2012

Fixed Income Securities, Continued	Cost	Fair Value	Ratings
<b>Corporate Bonds , Continued</b>			
Genworth Financial Inc @ 7.625%, due 09/24/21	7,050	7,144	BBB
HCA Inc. @ 7.875%, due 02/15/20	22,178	23,603	BB
Health Mgmt Assoc @ 6.125%, due 04/15/16	4,640	5,450	BB-
Host Hotels & Resorts LP @ 5.875%, due 06/15/19	15,863	16,497	BB+
Huntington Ingalls Indus @ 6.875%, due 03/15/18	15,850	16,257	B+
Icahn Enterprises/Fin @ 8.000%, due 01/15/18	13,947	15,016	BBB-
Intelsat Jackson Hldg @ 7.250%, due 04/01/19	15,795	16,200	B
Intl Lease Finance Corp @ 8.250%, due 12/15/20	8,684	9,521	BBB-
Intl Lease Finance Corp @ 5.625%, due 09/20/13	6,210	7,219	BBB-
Iron Mountain Inc @ 8.375%, due 08/15/21	7,367	7,753	B+
Kinder Morgan Finance @ 5.700%, due 01/05/16	8,640	9,715	BB
Leucadia National Corp @ 8.125%, due 09/15/15	10,569	11,275	BB+
Level 3 Financing Inc @ 8.125%, due 07/01/19	3,202	3,188	CCC
Linn Energy LLC/Fin Corp @ 7.750%, due 02/01/21	8,181	8,461	B
Markwest Energy Part/Fin @ 6.750%, due 11/01/20	7,201	7,577	BB
Masco Corp @ 5.950%, due 03/15/22	15,965	17,530	BBB-
MGM Resorts Intl @ 7.625%, due 01/15/17	8,020	8,480	B-
Midwest Generation LLC @ 8.560%, due 01/02/16	4,360	3,861	B-
Newfield Exploration Co @ 7.125%, due 05/15/18	8,265	8,440	BB+
NRG Energy Inc @ 8.500%, due 06/15/19	15,561	16,200	BB-
Paetec Holding Corp @ 8.875%, due 06/30/17	5,050	5,425	BB-
Peabody Energy Corp @ 6.500%, due 09/15/20	8,020	8,180	BB+
Penn National Gaming Inc @ 8.750%, due 08/15/19	14,497	15,680	BB
Pioneer Natural Resource @ 5.875%, due 07/15/16	6,530	7,974	BBB-
Plains Exploration & Pro @ 6.625%, due 05/01/21	9,495	9,135	BB-
Range Resources Corp @ 6.750%, due 08/01/20	15,888	16,501	BB
Regions Financial Corp @ 5.750%, due 06/15/15	7,980	8,589	BBB-
Rite Aid Corp @ 7.500%, due 03/01/17	7,148	7,192	B-
Sandridge Energy Inc @ 7.500%, due 03/15/21	16,936	17,510	B
Sealed Air Corp @ 7.875%, due 06/15/17	8,567	8,559	BB-
Sears Holdings Corp @ 6.625%, due 10/15/18	15,493	17,716	B
Servicemaster Company @ 8.000%, due 02/15/20	8,717	8,480	B-
Smithfield Foods Inc @ 7.750%, due 07/01/17	8,274	11,250	BB
Sprint Capital Corp @ 6.900%, due 05/01/19	25,303	29,048	B+
Tenet Healthcare Corp @ 9.250%, due 02/01/15	8,597	9,000	CCC+
UR Merger Sub Corp @ 9.250%, due 12/15/19	14,788	15,784	B+
Visteon Corp @ 6.750%, due 04/15/19	6,930	7,350	B+
Wynn Las Vegas LLC/Corp @ 7.875%, due 05/01/20	8,825	8,800	BBB-
Zayo Group LLC/Zayo Cap @ 8.125%, due 01/01/20	8,940	8,740	B
<b>Total Corporate Bonds - Six</b>	<b>760,199</b>	<b>810,770</b>	
Allegheny Technologies @ 4.250%, due 06/01/14	23,362	17,241	BBB-
Amgen Inc @ 0.375%, due 02/01/13	15,122	16,687	A+
Anixter Intl Inc @ 1.000%, due 02/15/13	8,006	7,638	B+
Avis Budget Group Inc @ 3.500%, due 10/01/14	17,007	17,054	NA
Biomarin Phamaceutical @ 1.875%, due 04/23/17	11,570	16,678	NR
Chart Industries Inc @ 2.000%, due 08/01/18	8,018	9,158	B+
Coinstar Inc @ 4.000%, due 09/01/14	13,593	11,763	BB-
Covanta Holding Corp @ 3.250%, due 06/01/14	8,400	8,173	B+
Danaher Corp @ 0.000%, due 01/22/21	20,680	24,049	A+
EMC Corp @ 1.750%, due 12/01/13	23,025	25,754	A
Exelixis Inc @ 4.250%, due 08/15/19	8,891	8,480	NA
Gilead Sciences Inc @ 1.000%, due 05/01/14	23,929	33,110	A-
Hologic Inc @ 2.000%, due 03/01/42	16,405	17,578	B+
Hornbeck Offshore Serv @ 1.625%, due 11/15/26	8,217	8,313	BB-
Intel Corp @ 2.950%, due 12/15/35	7,835	7,612	A-
Interdigital Inc @ 2.500%, due 03/15/16	7,867	8,264	NA
Intl Game Technology @ 3.250%, due 05/01/14	17,625	15,666	BBB
L-3 Comms Hldgs Inc @ 3.000%, due 08/01/35	14,113	14,030	BB+
Medtronic Inc @ 1.625%, due 04/15/13	9,101	9,028	A+

See Accompanying Independent Auditors' Report.

MARIANAS PUBLIC LAND TRUST

SCHEDULE 1B

Schedule of Investments - Park Fund  
September 30, 2012

<b>Fixed Income Securities, Continued</b>	<u>Cost</u>	<u>Fair Value</u>	<u>Ratings</u>
<b>Corporate Bonds , Continued</b>			
MGM Resorts Intl @ 4.250%, due 04/15/15	8,634	8,306	B-
Molson Coors Brewing Co @ 2.500%, due 07/30/13	16,135	14,490	BBB-
Newmont Mining Corp @ 1.250%, due 07/15/14	9,778	9,428	BBB+
Newpark Resources Inc @ 4.000%, due 10/01/17	6,308	7,275	B-
Nuance Communications @ 2.750%, due 08/15/27	8,545	8,595	BB-
Omicare Inc @ 3.750%, due 12/15/25	17,584	16,947	BB
Omnicom Group Inc @ 0.000%, due 07/01/38	15,918	16,476	BBB+
On Semiconductor Corp @ 2.625%, due 12/15/26	16,642	16,554	BB
Peabody Energy Corp @ 4.750%, due 12/15/41	28,600	18,588	B+
Salix Pharmaceuticals LT @ 2.750%, due 05/15/15	15,117	15,213	NA
Sandisk Corp @ 1.500%, due 08/15/17	8,251	7,926	BB
SBA Communications Corp @ 4.000%, due 10/01/14	16,946	19,079	NA
Steel Dynamics Inc @ 5.125%, due 06/15/14	19,368	15,684	BB+
Symantec Corp @ 1.000%, due 06/15/13	8,129	7,582	BBB
Teleflex Inc @ 3.875%, due 08/01/17	14,910	17,621	BB-
Teva Pharm Fin Co LLC @ 0.250%, due 02/01/26	15,777	15,863	A-
Transocean Inc @ 1.500%, due 12/15/37	14,680	14,869	BBB-
TTM Technologies @ 3.250%, due 05/15/15	8,225	7,073	BB-
Verisign Inc @ 3.250%, due 08/15/37	8,050	10,698	NA
Wabash National Corp @ 3.375%, due 05/01/18	8,275	8,007	NA
Wesco International Inc @ 6.000%, due 09/15/29	14,455	14,987	B
Xilinx Inc. @ 2.625%, due 06/15/17	17,192	17,014	BBB+
<b>Total Corporate Bonds - MacKay Shields</b>	<u>560,285</u>	<u>564,551</u>	
<b>Total Corporate Bonds</b>	<u>3,164,904</u>	<u>3,262,424</u>	
<b>Total Fixed Income Securities</b>	<u>3,787,566</u>	<u>3,920,322</u>	
<b>Total Mutual Funds, Equities and Fixed Income Securities</b>	<u>\$ 6,702,967</u>	<u>\$ 7,042,129</u>	

See Accompanying Independent Auditors' Report.

## MARIANAS PUBLIC LAND TRUST

## SCHEDULE 2

Schedule of Administrative Expenses  
Compared to Budget  
Year Ended September 30, 2012

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Money manager fees	\$ 167,523	\$ 172,549	\$ (5,026)
Consultancy fees	121,903	121,668	235
Money management administration	84,351	90,531	(6,180)
Contract services	64,999	68,500	(3,501)
Salaries and benefits	64,018	67,611	(3,593)
Professional fees	82,411	63,908	18,503
Office supplies	51,304	53,876	(2,572)
Loan administration fee	52,128	45,020	7,108
Depreciation	21,637	25,589	(3,952)
Trustees' expenses	17,817	20,045	(2,228)
Insurance	30,000	19,635	10,365
Rent and utilities	13,042	15,889	(2,847)
Audit	15,500	15,500	-
Repairs and maintenance	<u>-</u>	<u>6,630</u>	<u>(6,630)</u>
 Total	 <u>\$ 786,633</u>	 <u>\$ 786,951</u>	 <u>* \$ (318)</u>

\* Impairment loss expense of \$16,000 is considered a capital loss of principal and is not budgeted for.

See Accompanying Independent Auditors' Report.