

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

FINANCIAL STATEMENTS,
ADDITIONAL INFORMATION AND
INDEPENDENT AUDITORS' REPORT

YEAR ENDED SEPTEMBER 30, 2017

INDEPENDENT AUDITORS' REPORT

Board of Trustees
Marianas Public Land Trust:

Report on the Financial Statements

We have audited the accompanying financial statements of the Marianas Public Land Trust (MPLT), a component unit of the Commonwealth of the Northern Mariana Islands (CNMI), which comprise the statement of net position as of September 30, 2017, and the related statements of revenues, expenses and changes in net position and of cash flows for the year then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States 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 from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Marianas Public Land Trust as of September 30, 2017, and the changes in its net position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis-of-Matter

As discussed in note 11 to the financial statements, MPLT has restated beginning net position to correct an error.

Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 10 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board 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.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise MPLT's basic financial statements. The Combining Statements of Net Position, of Revenues, Expenses and Changes in Net Position and of Cash Flows (pages 33 through 35), the Schedules of Investments - General Fund and Park Fund (pages 36 through 47) and the Schedule of Administrative Expenses Compared to Budget (page 48) are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Combining Statements of Net Position, of Revenues, Expenses and Changes in Net Position and of Cash Flows, the Schedules of Investments - General Fund and Park Fund and the Schedule of Administrative Expenses Compared to Budget are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Combining Statements of Net Position, of Revenues, Expenses and Changes in Net Position and of Cash Flows, the Schedules of Investments - General Fund and Park Fund and the Schedule of Administrative Expenses Compared to Budget are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 29, 2018 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* in considering MPLT's internal control over financial reporting and compliance.

Deloitte & Touche LLC

November 29, 2018



MARIANAS PUBLIC LAND TRUST

COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS

MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 2017. This Management's Discussion and Analysis should be read in conjunction with the audited financial statements.

Implementing Authority

The origins of MPLT are found in both the Constitution of the Commonwealth of the Northern Mariana Islands (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 (the Covenant). The Covenant contains key provisions, which are fundamental to MPLT's development. Article VIII, Section 802, requires that certain lands be made available to the United States Government by lease in order for it to carry out its defense responsibilities. These lands consist of 7,203 hectares on Tinian, 72 hectares at Tanapag Harbor in Saipan, and the entire island of Farallon de Medinilla, comprising of approximately 83 hectares.

Article XI, Section 6 of the Constitution as amended, 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."

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:

MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED

Implementing Authority, Continued

- 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.

This was the initial source of the funding to MPLT from the Marianas Public Land Corporation (MPLC), i.e., \$23,942,602 allocated to the MPLT General Fund and \$2,000,000 allocated to the MPLT Park Fund and were received as follows:

Initial Distributions Received From MPLC

<u>Date</u>	<u>Amount</u>
July 19, 1983	\$ 5,000,000
January 20, 1984	100,000
February 17, 1984	14,080,046
April 13, 1984	5,958,700
August 27, 1984	<u>803,856</u>
Total	\$ <u>25,942,602</u>

Subsequently, MPLC and its successors, including the CNMI Department of Public Lands, made additional distributions, which were treated as General Fund principal contributions, as follows:

Distributions Received From MPLC

<u>Date</u>	<u>Amount</u>
May 11, 1991	\$ 500,000
December 20, 1991	500,000
September 19, 2007	1,250,000
August 4, 2008	3,500,000
November 23, 2011	1,000,000
December 31, 2013	307,109
June 6, 2014	996,743
December 30, 2014	5,000,000
April 11, 2016	<u>800,334</u>
Total	\$ <u>13,854,186</u>

The total principal contributions received from the leasing of public lands by MPLT from MPLC or its successor entities is \$39,796,788.

Constitutional Mandate

The Trustees are mandated to make prudent and reasonable investments derived from public land leases and transfer the interest earned, less reasonable expenses of administration, to the General Revenues of the Commonwealth for appropriation by the Legislature. The Trustees continuously monitor its investment portfolio to ensure an adequate risk-adjusted rate of return is achieved.

MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED

Financial Highlights

The following financial highlights are taken from the audited financial statements for the years ended September 30, 2017, 2016 and 2015.

- The assets of MPLT increased in 2017 by \$4,675,139 over the amount in 2016. This was primarily due to an increase in the fair market value of investments.
- Total liabilities for 2017 decreased by \$285,904 from 2016 primarily due to a \$268,225 decrease in due to brokers and a \$25,316 decrease in accounts payable and accrued expenses.
- The above changes resulted in increases of \$4,961,043 in total net position for 2017 and \$7,540,724 in total net position for 2016.
- Total revenues of MPLT are a combination of (1) gains (losses) attributable to the valuation of investments plus (2) income earned on such investments. Total operating revenues for 2017 and 2016 were \$7,845,408 and \$9,169,129, respectively.
- The total performance of MPLT for 2017 and 2016 was 8.09% and 9.09%, respectively.
- The overall administrative costs increased in 2017 and 2016 by \$113,627 or 12% and \$11,245 or 1%, respectively.

MPLT General Fund Operations

Investment income (excluding net increase in fair value of investments) for 2017 and 2016 was \$3,242,343 and \$2,222,988, respectively.

Distributions to the CNMI General Fund paid for 2017 and 2016 were \$1,636,226 and \$1,331,248, respectively. The cumulative amount distributed to the CNMI General Fund since inception in 1983 has been \$59,450,566. This has occurred while growing the principal fund by \$42,311,197 for the same time-period. The General Fund's annual return for 2017 and 2016 was 8.11% and 9.01%, respectively.

The loan made to the Northern Marianas Housing Corporation (NMHC) became non-performing when NMHC defaulted in 2007 after P.L. 10-29 and P.L. 12-27 were repealed by 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 original principal. Due to collection uncertainty for this investment, a write-down of value amounting to \$3,341,800 was recognized by MPLT as of September 30, 2017 (net current value is \$2,727,182).

General Fund Condensed Financial Statements Summaries

STATEMENTS OF NET POSITION

<u>Assets</u>	2017	2016 As Restated
Current assets	\$ 7,364,133	\$ 8,299,936
Others assets, restricted	71,698,949	65,792,519
Notes receivable - noncurrent portion	5,040,104	5,785,838
Capital assets	<u>422,447</u>	<u>323,752</u>
Total	<u>\$ 84,525,633</u>	<u>\$ 80,202,045</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED

General Fund Condensed Financial Statements Summaries, Continued

STATEMENTS OF NET POSITION, CONTINUED

<u>Liabilities and Net Position</u>	2017	2016 As Restated
Current liabilities	\$ <u>428,274</u>	\$ <u>642,639</u>
Net position:		
Invested in capital assets	323,047	323,752
Restricted	<u>83,774,312</u>	<u>79,235,654</u>
Net position	<u>84,097,359</u>	<u>79,559,406</u>
Total	\$ <u>84,525,633</u>	\$ <u>80,202,045</u>

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

	2017	2016 As Restated
Operating revenues (loss), net	\$ 7,145,461	\$ 8,357,436
Operating expenses	(971,282)	(867,740)
Non-operating income (expenses)	<u>(1,636,226)</u>	<u>(530,914)</u>
Change in net position	4,537,953	6,958,782
Beginning net position	<u>79,559,406</u>	<u>72,600,624</u>
Ending net position	\$ <u>84,097,359</u>	\$ <u>79,559,406</u>

STATEMENTS OF CASH FLOWS

	2017	2016
Cash flows from operating activities	\$ 1,697,096	\$ (389,930)
Cash flows from noncapital financing activities	-	800,334
Cash flows from capital and related financing activities	49,981	(45,888)
Cash flows from investing activities	<u>(1,613,516)</u>	<u>544,820</u>
Net increase in cash and cash equivalents	133,561	909,336
Cash and cash equivalents at beginning of year	<u>2,264,311</u>	<u>1,354,975</u>
Cash and cash equivalents at end of year	\$ <u>2,397,872</u>	\$ <u>2,264,311</u>

The statements above are inclusive of amounts due from the Park Fund of \$22,180 that are eliminated in the accompanying financial statements.

Capital Assets

At September 30, 2017 and 2016, MPLT had \$323,047 and \$323,752, respectively, in capital assets, net of accumulated depreciation where applicable, including land, building, furniture, fixtures and equipment and vehicle, which represent a net decrease in 2017 of \$705. See note 4 to the financial statements for more detailed information on MPLT's capital assets.

MANAGEMENT’S DISCUSSION AND ANALYSIS, CONTINUED

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 2017 and 2016 was 7.92% and 9.74%, respectively. As stated previously, the Park Fund received its initial principal funding from the lease proceeds of a portion of the Tinian, Tanapag Harbor, Farallon de Medinilla land lease revenues. The \$2,000,000 for the Tanapag Harbor in Saipan was dedicated to the formation of the American Memorial Park. The income on this principal contribution can only be used for the maintenance and development of the American Memorial Park (AMP). Accordingly, this initial principal contribution has been prudently managed since 1983 and has grown to \$9,419,423.

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 “matched” with CIP funding grants in order to make the following additions and upgrades to the Park:

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

This loan is to be repaid from future income realized on 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 \$14,500, subject to the amount of investment income. It is through this mechanism that MPLT has been able to benefit the Park and sustain new development.

Park Fund Condensed Financial Statements Summaries

STATEMENTS OF NET POSITION

<u>Assets</u>	2017	2016
Current assets	\$ 480,072	\$ 458,700
Others assets, restricted	8,965,219	8,368,011
Notes receivable - noncurrent portion	<u>-</u>	<u>267,029</u>
Total	\$ <u>9,445,291</u>	\$ <u>9,093,740</u>
 <u>Liabilities and Net Position</u>		
Total liabilities	\$ 25,868	\$ 97,407
Net position:		
Restricted principal	<u>9,419,423</u>	<u>8,996,333</u>
Total	\$ <u>9,445,291</u>	\$ <u>9,093,740</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED

Park Fund Condensed Financial Statements Summaries, Continued

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

	2017	2016
Operating revenues	\$ 699,947	\$ 811,693
Operating expenses	(102,669)	(92,584)
Non-operating expenses, net	<u>(174,188)</u>	<u>(137,167)</u>
Change in net position	423,090	581,942
Beginning net position	<u>8,996,333</u>	<u>8,414,391</u>
Ending net position	\$ <u>9,419,423</u>	\$ <u>8,996,333</u>

STATEMENTS OF CASH FLOWS

	2017	2016
Cash flows from operating activities	\$ 155,079	\$ 109,043
Cash flows from investing activities	<u>(174,118)</u>	<u>(103,737)</u>
Net (decrease) increase in cash and cash equivalents	(19,039)	5,306
Cash and cash equivalents at beginning of year	<u>175,198</u>	<u>169,892</u>
Cash and cash equivalents at end of year	\$ <u>156,159</u>	\$ <u>175,198</u>

The statements above are inclusive of amounts due to the General Fund of \$22,180 that are eliminated in the accompanying financial statements.

Mandates

It is the intention of the Trustees to continue to provide financial assistance to the American Memorial Park in accordance with the terms of the Constitution and Covenant. It has been through MPLT's stewardship of the Park Fund assets that the developments in AMP have occurred. The Trustees plan to continue this past record of achievement and use it as a basis for further enhancement of the facility, which benefits the Commonwealth as a whole.

Economic Outlook

The 2017 economy was strong with the markets setting new performance records, which allowed MPLT to add value to the portfolio. The outlook for 2018 appears to be more volatile with more uncertainties being introduced into the economy. This will affect overall returns, which are expected to be lower than those for 2017. MPLT has a long-term time horizon. Accordingly, MPLT is continuously reviewing options to its current investment allocation in order to manage its risk-adjusted yields. MPLT may make changes to its asset allocation, but the basic investment approach will remain the same.

Management's Discussion and Analysis for the year ended September 30, 2016 is set forth in MPLT's report on the audit of financial statements, which is dated June 8, 2017. That Discussion and Analysis explains the major factors impacting the 2016 financial statements and can be viewed at the Office of the Public Auditor's website at www.opacnmi.com.

MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED

Contacting MPLT's 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. If you have questions about this report or need additional financial information, contact MPLT at P.O. Box 501089, Saipan, MP 96950-1089 or phone at (670) 322-4401 or email mplt@mplt.gov.mp.

MARIANAS PUBLIC LAND TRUST

Statement of Net Position
September 30, 2017

ASSETS

Current assets:	
Cash and cash equivalents	\$ 2,554,031
Receivables:	
Notes receivable, current portion	3,498,927
Department of Public Lands	1,501,174
Accrued income	211,430
Other	14,015
Due from brokers	36,562
Prepaid expense	5,886
Total current assets	<u>7,822,025</u>
Other assets:	
Investments	<u>80,664,168</u>
Total other assets	<u>80,664,168</u>
Noncurrent assets:	
Notes receivable, net of current portion and allowance for loan losses	5,040,104
Foreclosed properties	99,400
Depreciable capital assets, net of accumulated depreciation	182,397
Nondepreciable capital assets	140,650
Total noncurrent assets	<u>5,462,551</u>
	<u>\$ 93,948,744</u>

LIABILITIES AND NET POSITION

Current liabilities:	
Accounts payable	\$ 55,509
Due to brokers	369,315
Accrued expenses	7,138
Total liabilities	<u>431,962</u>
Commitment and contingency	
Net position:	
Net investment in capital assets	323,047
Restricted	93,193,735
Total net position	<u>93,516,782</u>
	<u>\$ 93,948,744</u>

See accompanying notes to financial statements.

MARIANAS PUBLIC LAND TRUST

Statement of Revenues, Expenses and Changes in Net Position
Year Ended September 30, 2017

Operating revenues:	
Net increase in fair value of investments	\$ 3,838,008
Investment income, net	2,195,895
Interest income from notes receivable	687,870
Department of Public Lands	634,835
Other	600
	<u>7,357,208</u>
Recovery	488,200
Net operating revenues	<u>7,845,408</u>
Operating expenses:	
Money manager fees	308,109
Money management administration	183,089
Consultancy fees	134,649
Salaries and benefits	117,314
Contract services	67,000
Trustees' expenses	61,195
Office supplies	57,530
Depreciation	38,724
Professional fees	36,283
Loan administration fee	34,126
Audit	17,716
Rent and utilities	16,556
Repairs and maintenance	1,660
Total operating expenses	<u>1,073,951</u>
Operating income	<u>6,771,457</u>
Other nonoperating expenses:	
Net distribution to the CNMI General Fund/American Memorial Park	<u>(1,810,414)</u>
Total nonoperating expenses	<u>(1,810,414)</u>
Change in net position	4,961,043
Net position at beginning of year, as restated	<u>88,555,739</u>
Net position at end of year	<u>\$ 93,516,782</u>

See accompanying notes to financial statements.

MARIANAS PUBLIC LAND TRUST

Statement of Cash Flows Year Ended September 30, 2017

Cash flows from operating activities:	
Cash received from operations	\$ 3,173,557
Cash payments to suppliers for goods and services	<u>(1,321,382)</u>
Net cash provided by operating activities	<u>1,852,175</u>
Cash flows from capital and related financing activities:	
Acquisition of capital assets	(38,019)
Sale of foreclosed properties	<u>88,000</u>
Net cash provided by capital and related financing activities	<u>49,981</u>
Cash flows from investing activities:	
Net decrease in notes receivable	1,065,396
Net decrease in investments	<u>(2,853,030)</u>
Net cash used for investing activities	<u>(1,787,634)</u>
Net increase in cash and cash equivalents	114,522
Cash and cash equivalents at beginning of year	<u>2,439,509</u>
Cash and cash equivalents at end of year	<u>\$ 2,554,031</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 6,771,457
Adjustments to reconcile operating income to net cash provided by operating activities:	
Net increase in fair value of investments	(3,838,008)
Recovery	(488,200)
Noncash interest income	(303,223)
Depreciation	38,724
(Increase) decrease in assets:	
Receivable - Department of Public Lands	(634,835)
Receivable - accrued income	5,413
Other receivable	(6,339)
Due from brokers	600,978
Prepaid expense	(251)
Increase (decrease) in liabilities:	
Accounts payable	(10,567)
Payable to brokers	(268,225)
Accrued expenses	<u>(14,749)</u>
Net cash provided by operating activities	<u>\$ 1,852,175</u>
Supplemental schedule of noncash operating, financing and investing activities:	
MPLT applied \$1,636,226 of the required income distribution to the CNMI General Fund for the year ended September 30, 2017 as a repayment of the CNMI's note receivable and related interest.	
Decrease in notes receivable	\$ (1,354,846)
Increase in interest expense	(281,380)
Increase in net contribution	<u>1,636,226</u>
	<u>\$ -</u>
MPLT applied \$174,188 of the required income distribution of the American Memorial Park Fund for the year ended September 30, 2017 as a repayment of CDA's note receivable and related interest.	
Decrease in notes receivable	\$ (152,345)
Increase in interest expense	(21,843)
Increase in net contribution	<u>174,188</u>
	<u>\$ -</u>

See accompanying notes to financial statements.

MARIANAS PUBLIC LAND TRUST

Notes to Financial Statements September 30, 2017

(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 recorded receivables from DPL of \$1,501,174 as of September 30, 2017 and recorded revenues from DPL of \$634,835 for the year ended September 30, 2017.

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 trust funds. MPLT utilizes the flow of economic resources measurement focus. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

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.

MARIANAS PUBLIC LAND TRUST

Notes to Financial Statements
September 30, 2017

(2) Summary of Significant Accounting Policies, Continued

Basis of Accounting

The financial statements of MPLT for the year ended September 30, 2017 have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America, which requires the use of management estimates. 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, 2017, MPLT has cash deposits and investments in bank accounts that exceed federal depository insurance limits. MPLT has not experienced any losses in such accounts.

Cash and Cash Equivalents

For purposes of the statements of net position and cash flows, 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, 2017, total cash and cash equivalents was \$2,554,031 and the corresponding bank balance was \$239,115, which is maintained in financial institutions subject to Federal Deposit Insurance Corporation (FDIC) insurance.

At September 30, 2017, unrestricted cash and cash equivalents consisted of the following:

Custodian money market sweep deposits	\$ 2,252,883
Deposits with federally insured banks	292,893
Uninsured deposits	<u>8,255</u>
	\$ <u>2,554,031</u>

As of September 30, 2017, custodian money market sweep deposits of \$2,252,883 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

Custodial credit risk for investments is the risk that in the event of the failure of the counterparty to the transaction, MPLT will not be able to recover the value of investment or collateral securities that are in the possession of an outside party.

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

MARIANAS PUBLIC LAND TRUST

Notes to Financial Statements
September 30, 2017

(2) Summary of Significant Accounting Policies, Continued

Investments, Continued

Concentration of credit risk for investments is the risk of loss attributed to the magnitude of an entity's investment in a single issuer. GASB Statement No. 40 requires disclosure by issuer and amount of investments in any one issuer that represents five percent (5%) or more of total investments for MPLT. As of September 30, 2017, MPLT's investment in U.S. Treasury government bonds and U.S. agency obligations of the Federal Farm Credit Banks Fund Corp. constituted 7% and 6%, respectively, of its total investments.

Marketable securities held for investment purposes are stated at fair value using quoted market prices. Fair value is the price that would be received to sell an asset or paid to transfer a liability (i.e., the exit price) in an orderly transaction between market participants at the date as of which the fair value of an asset or liability is determined. Fixed income securities are reported at amortized cost with discounts or premiums amortized using the effective interest method subject to adjustment for market declines judged to be other than temporary.

MPLT values its investments at fair value in accordance with GASB Statement 72. MPLT's investments as of September 30, 2017 (with combining information as of September 30, 2017) are as follows:

	<u>General Fund</u>	<u>Park Fund</u>	<u>Total</u>
Mutual funds	\$ 8,047,847	\$ 947,069	\$ 8,994,916
Equities:			
Domestic common stock	18,278,793	2,198,965	20,477,758
International common stock	4,274,188	506,871	4,781,059
Master limited partnerships	7,738,769	928,562	8,667,331
Real estate investment trusts	8,316,915	964,936	9,281,851
Fixed income securities:			
Mortgage and asset backed securities	9,739,853	1,370,385	11,110,238
Government bonds	4,602,180	642,321	5,244,501
Corporate bonds	<u>10,700,404</u>	<u>1,406,110</u>	<u>12,106,514</u>
	<u>\$ 71,698,949</u>	<u>\$ 8,965,219</u>	<u>\$ 80,664,168</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, 2017:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (In Years)</u>				<u>Credit Rating</u>
		<u>Less Than 1</u>	<u>1 - 5</u>	<u>6 - 10</u>	<u>More Than 10</u>	
Mortgage and asset backed securities	\$ 11,110,238	\$ 3,738,671	\$ 4,461,629	\$ 1,325,002	\$ 1,584,936	AA+
Government bonds	5,244,501	-	-	-	5,244,501	AA+
Corporate bonds	512,035	-	512,035	-	-	AA+
Corporate bonds	1,330,955	-	978,248	352,707	-	A+
Corporate bonds	1,449,591	-	1,362,749	86,842	-	A-
Corporate bonds	2,981,421	-	1,708,875	1,272,546	-	A
Corporate bonds	1,272,045	-	-	1,272,045	-	BBB+
Corporate bonds	100,775	-	100,775	-	-	BBB-
Corporate bonds	95,823	-	-	95,823	-	BBB
Corporate bonds	861,325	-	485,778	375,547	-	BB+
Corporate bonds	975,297	-	522,709	358,238	94,350	BB-
Corporate bonds	611,663	94,275	68,170	449,218	-	BB
Corporate bonds	921,495	-	465,757	455,738	-	B+
Corporate bonds	370,397	-	179,550	190,847	-	B-
Corporate bonds	532,225	-	439,525	92,700	-	B
Corporate bonds	<u>91,467</u>	<u>-</u>	<u>91,467</u>	<u>-</u>	<u>-</u>	CCC+
	<u>\$ 28,461,253</u>	<u>\$ 3,832,946</u>	<u>\$ 11,377,267</u>	<u>\$ 6,327,253</u>	<u>\$ 6,923,787</u>	

MARIANAS PUBLIC LAND TRUST

Notes to Financial Statements
September 30, 2017

(2) Summary of Significant Accounting Policies, Continued

Investments, Continued

MPLT categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. MPLT has the following fair value measurements:

Investments by fair value level	09/30/17	Fair Value Measurement Using		
		Level 1	Level 2	Level 3
Debt securities:				
Mortgaged and asset backed securities	\$ 11,110,238	\$ -	\$ 11,110,238	\$ -
Government bonds	5,244,501	5,244,501	-	-
Corporate bonds	<u>12,106,514</u>	<u>-</u>	<u>12,106,514</u>	<u>-</u>
Total debt securities	<u>28,461,253</u>	<u>5,244,501</u>	<u>23,216,752</u>	<u>-</u>
Equity securities:				
Domestic common stock	20,477,758	20,477,758	-	-
International common stock	4,781,059	4,781,059	-	-
Master limited partnerships	8,667,331	8,667,331	-	-
Real estate investment trusts	<u>9,281,851</u>	<u>9,281,851</u>	<u>-</u>	<u>-</u>
Total equity securities	<u>43,207,999</u>	<u>43,207,999</u>	<u>-</u>	<u>-</u>
Total investments by fair value level	\$ <u>71,669,252</u>	\$ <u>48,452,500</u>	\$ <u>23,216,752</u>	\$ <u>-</u>
Investments measured at net asset value (NAV):				
Mutual funds	\$ <u>8,994,916</u>			

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.
- 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.

MARIANAS PUBLIC LAND TRUST

Notes to Financial Statements
September 30, 2017

(2) Summary of Significant Accounting Policies, Continued

Investments, Continued

- 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.
 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.

MARIANAS PUBLIC LAND TRUST

Notes to Financial Statements
September 30, 2017

(2) Summary of Significant Accounting Policies, Continued

Investments, Continued

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. 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.

MARIANAS PUBLIC LAND TRUST

Notes to Financial Statements
September 30, 2017

(2) Summary of Significant Accounting Policies, Continued

Investments, Continued

4. 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.

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 Local Investment program applies to the MPLT General Fund and on a limited basis to the American Memorial Park Fund. With respect to the American Memorial Park Fund, it is the Trustees' policy to entertain local investment that only benefits the American Memorial Park beneficiary.

MARIANAS PUBLIC LAND TRUST

Notes to Financial Statements
September 30, 2017

(2) Summary of Significant Accounting Policies, Continued

Investments, Continued

4. Diversified Local Investments, Continued:

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

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

5. 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.

MARIANAS PUBLIC LAND TRUST

Notes to Financial Statements
September 30, 2017

(2) Summary of Significant Accounting Policies, Continued

Investments, Continued

5. International (Developed & Emerging Markets) Equities, Continued:
 - 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.
6. 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.
7. Cash/Cash Equivalents:
 - Cash equivalent reserves may 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.
8. Master Limited Partnerships (MLPS):
 - The actively managed U.S. master limited partnership portfolio will consist primarily of U.S. master limited partnerships, publicly traded limited liability companies, midstream energy C-corporations and in natural resource transportation and operating company securities associated with MLPs or with MLP-able assets and cash equivalents.

MARIANAS PUBLIC LAND TRUST

Notes to Financial Statements
September 30, 2017

(2) Summary of Significant Accounting Policies, Continued

Investments, Continued

8. Master Limited Partnerships (MLPS), Continued:

- The Trustees' expectations are that this portfolio be actively managed within the spirit of an actively managed U.S. Master Limited Partnership mandate.
- Equity holdings in any one company should not exceed more than 10% of the market value of the Trust's equity portfolio.
- 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 manager 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.
- The manager is permitted to purchase U.S. master limited partnership units issued in PIPE (private investment in public equity) transactions. Investments in stocks obtained through PIPE transactions that are not yet registered are limited to 20% of the portfolio at market value. Investments in stocks obtained through PIPE transactions that are registered are permissible without limitation.
- To achieve the quality and liquidity levels desirable, at least 80% of the U.S. equity securities owned in the portfolio must be listed on the New York, American, and/or NASDAQ Stock Exchanges. Convertible bonds, convertible into common stock listed on any of the above-mentioned exchanges, will be considered a listed equity security for this purpose.
- Positions in letter stock, private placements (excluding 144A securities), physical real estate, physical commodities, and any other positions unable to be liquidated promptly without severe market impact are prohibited.

9. Real Estate Investment Trusts (REITS):

- 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.
- Investments in publicly-traded vehicles can offer the total real estate portfolio greater liquidity over private market opportunities; however, they tend to be more correlated with equities than private real estate investments.

MARIANAS PUBLIC LAND TRUST

Notes to Financial Statements
September 30, 2017

(2) Summary of Significant Accounting Policies, Continued

Investments, Continued

9. Real Estate Investment Trusts (REITS), Continued:

- These investments also offer tactical return opportunities with the potential to achieve higher nominal rates of return at a level of risk equal to or lower than the private markets.
- The maximum equity investment allocable to the public real estate portfolio shall be 10% so as to avoid the composite real estate portfolio becoming unduly correlated with the public equity markets.

(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
Domestic Equities:						
<i>Large Cap Value</i>	0%	10%	20%	0%	10%	20%
<i>Large Cap Core</i>	0%	10%	20%	0%	10%	20%
International Equities:						
<i>Developed Markets</i>	0%	5%	15%	0%	5%	15%
Domestic Fixed Income:						
<i>Core</i>	20%	30%	40%	20%	30%	40%
<i>High Yield</i>	0%	5%	15%	0%	5%	15%
<i>DLI</i>	0%	10%	20%	0%	10%	20%
Non U.S. Fixed Income:						
<i>International Bonds</i>	0%	10%	20%	0%	10%	20%
Alternatives:						
<i>MLPS</i>	0%	10%	20%	0%	10%	20%
<i>REITS</i>	0%	10%	20%	0%	10%	20%

Rebalancing Policy

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

MARIANAS PUBLIC LAND TRUST

Notes to Financial Statements
September 30, 2017

(2) Summary of Significant Accounting Policies, Continued

Investments, Continued

Frequency, Continued

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 may 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.

Social Responsibility Policy

The Trust demonstrates its concern for preservation of the environment and other social causes through its programs and activities. However, no specific constraint in regards to social causes is to be placed on its investment portfolio at this time. Constraints can be added in the future as deemed advisable by the Trustees.

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.

MARIANAS PUBLIC LAND TRUST

Notes to Financial Statements September 30, 2017

(2) Summary of Significant Accounting Policies, Continued

Foreclosed Real Estate

Real estate properties acquired through, or in lieu of, loan foreclosure are to be sold and are initially recorded at fair value at the date of foreclosure less estimated selling costs establishing a new cost basis. Valuations are periodically performed by management and adjustments are made to reflect the real estate at the lower of the carrying amount or fair value less estimated costs to sell. Operating expenses or income, reductions in estimated values, and gains or losses on disposition of such properties are charged to current operations.

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.

Retirement 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 year ended September 30, 2017 were \$3,622 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.

Net Position

MPLT's net position is classified as follows:

- Net investment in capital assets; capital assets, net of accumulated depreciation.
- Restricted: net position subject to externally imposed stipulations that can be fulfilled by actions pursuant to those stipulations or that expire by the passage of time. MPLT has net position restricted for principal and income.
- Unrestricted: net position that is not subject to externally imposed stipulations. As MPLT considers all assets except investments in capital assets, to be restricted, MPLT does not have unrestricted net position at September 30, 2017.

Operating and Non-Operating Revenue and Expenses

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

MARIANAS PUBLIC LAND TRUST

Notes to Financial Statements
September 30, 2017

(2) Summary of Significant Accounting Policies, Continued

Operating and Non-Operating Revenue and Expenses, Continued

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

New Accounting Standards

During the year ended September 30, 2017, MPLT implemented the following pronouncements:

- GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, which aligns the reporting requirements for pensions and pension plans not covered in GASB Statements 67 and 68 with the reporting requirements in Statement 68.
- GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, which replaces Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, as amended*, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, and addresses financial reporting requirements for governments whose employees are provided with postemployment benefits other than pensions (other postemployment benefits or OPEB).
- GASB Statement No. 77, *Tax Abatement Disclosures*, which requires governments that enter into tax abatement agreements to disclose certain information about the agreements.
- GASB Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*, which addresses a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*.
- GASB Statement No. 80, *Blending Requirements for Certain Component Units - an amendment of GASB Statement No. 14*, which improves financial reporting by clarifying the financial statement presentation requirements for certain component units.
- GASB Statement No. 82, *Pension Issues - an amendment of GASB Statements No. 67, No. 68, and No. 73*, which addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

The implementation of these statements did not have a material effect on the accompanying financial statements.

MARIANAS PUBLIC LAND TRUST

Notes to Financial Statements
September 30, 2017

(2) Summary of Significant Accounting Policies, Continued

New Accounting Standards, Continued

In June 2015, GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, and provides guidance on reporting by governments that provide OPEB to their employees and for governments that finance OPEB for employees of other governments. The provisions in Statement No. 75 are effective for fiscal years beginning after June 15, 2017. Management does not believe that the implementation of this statement will have a material effect on the financial statements.

In March 2016, GASB issued Statement No. 81, *Irrevocable Split-Interest Agreements*, which improves accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The provisions in Statement No. 81 are effective for fiscal years beginning after December 15, 2016. Management does not believe that the implementation of this statement will have a material effect on the financial statements.

In November 2016, GASB issued Statement No. 83, *Certain Asset Retirement Obligations*, which addresses accounting and financial reporting for certain asset retirement obligations (AROs) associated with the retirement of a tangible capital asset. The provisions in Statement No. 83 are effective for fiscal years beginning after June 15, 2018. Management does not believe that the implementation of this statement will have a material effect on the financial statements.

In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*, which establishes criteria for identifying fiduciary activities of all state and local governments. The provisions in Statement No. 84 are effective for fiscal years beginning after December 15, 2018. Management does not believe that the implementation of this statement will have a material effect on the financial statements.

In March 2017, GASB issued Statement No. 85, *Omnibus 2017*, which address practice issues that have been identified during implementation and application of certain GASB Statements including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits). The provisions in Statement No. 85 are effective for fiscal years beginning after June 15, 2017. Management does not believe that the implementation of this statement will have a material effect on the financial statements.

In May 2017, GASB issued Statement No. 86, *Certain Debt Extinguishment Issues*, which improves consistency in accounting and financial reporting for in-substance defeasance of debt. The provisions in Statement No. 86 are effective for fiscal years beginning after June 15, 2017. Management does not believe that the implementation of this statement will have a material effect on the financial statements.

MARIANAS PUBLIC LAND TRUST

Notes to Financial Statements
September 30, 2017

(2) Summary of Significant Accounting Policies, Continued

New Accounting Standards, Continued

In June 2017, GASB issued Statement No. 87, *Leases*, which establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The provisions in Statement No. 87 are effective for fiscal years beginning after December 15, 2019. Management has yet to determine whether the implementation of this statement will have a material effect on the financial statements.

(3) Notes Receivable

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. \$ 6,068,982

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. 59,247

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. 296,984

Note receivable from the CNMI Government, interest at 7% per annum, due on December 28, 2019. Public Law 18-71 earmarks and appropriates from future interest income distributions starting fiscal year 2016 until the note is fully reimbursed. Interest is due annually. 2,664,865

Note receivable from the Commonwealth Healthcare Corporation (CHCC), with interest at 5% per annum, due on June 18, 2018. Collateralized by future distributable income of fiscal year 2017 and CHCC's real properties for CHCC's operational and bridge capital pursuant to CNMI Public Law 17-76. 2,850,000

11,940,078
Less allowance for loan losses (3,401,047)

8,539,031
Less current portion (3,498,927)

Long-term portion \$ 5,040,104

MARIANAS PUBLIC LAND TRUST

Notes to Financial Statements
September 30, 2017

(3) Notes Receivable, Continued

An analysis of the change in the allowance for loan losses is as follows:

	<u>General Fund</u>	<u>Park Fund</u>	<u>Total</u>
Balance - beginning of year	\$ 3,910,433	\$ -	\$ 3,910,433
Recovery of loan losses	(488,200)	-	(488,200)
Other	<u>(21,186)</u>	<u>-</u>	<u>(21,186)</u>
Balance - end of year	\$ <u>3,401,047</u>	\$ <u>-</u>	\$ <u>3,401,047</u>

(4) Capital Assets

A summary of capital assets as of September 30, 2017, is as follows:

	<u>Estimated Useful Lives</u>	<u>Balance at October 1, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at September 30, 2017</u>
Capital assets not being depreciated:					
Land		\$ 140,650	\$ -	\$ -	\$ 140,650
Construction in progress		<u>10,464</u>	<u>-</u>	<u>(10,464)</u>	<u>-</u>
Total capital assets not being depreciated		<u>151,114</u>	<u>-</u>	<u>(10,464)</u>	<u>140,650</u>
Capital assets being depreciated:					
Building	5 - 10 years	194,592	38,019	10,464	243,075
Furniture, fixtures and equipment	3 - 10 years	164,994	-	-	164,994
Vehicle	3 - 10 years	<u>79,319</u>	<u>-</u>	<u>-</u>	<u>79,319</u>
Less accumulated depreciation		438,905	38,019	10,464	487,388
		<u>(266,267)</u>	<u>(38,724)</u>	<u>-</u>	<u>(304,991)</u>
Total capital assets being depreciated		<u>172,638</u>	<u>(705)</u>	<u>10,464</u>	<u>182,397</u>
Total capital assets, net		\$ <u>323,752</u>	\$ <u>(705)</u>	\$ <u>-</u>	\$ <u>323,047</u>

(5) Net Position

In accordance with MPLT's accounting policies, gains and losses on investments are allocated to principal. Additionally, a portion of the distribution to the CNMI government is specifically designated as an increase in principal. Movement in principal and interest accounts for the years ended September 30, 2017, is summarized as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<u>General Fund</u>			
Balance at beginning of year	\$ 79,559,406	\$ -	\$ 79,559,406
Net increase in the fair value of investments	4,537,953	-	4,537,953
Other operating net income	-	1,636,226	1,636,226
Transfers	<u>-</u>	<u>(1,636,226)</u>	<u>(1,636,226)</u>
Balance at end of year	\$ <u>84,097,359</u>	\$ <u>-</u>	\$ <u>84,097,359</u>
<u>Park Fund</u>			
Balance at beginning of year	\$ 8,996,333	\$ -	\$ 8,996,333
Net increase in the fair value of investments	423,090	-	423,090
Other operating net income	-	174,188	174,188
Transfers	<u>-</u>	<u>(174,188)</u>	<u>(174,188)</u>
Balance at end of year	\$ <u>9,419,423</u>	\$ <u>-</u>	\$ <u>9,419,423</u>

MARIANAS PUBLIC LAND TRUST

Notes to Financial Statements September 30, 2017

(6) Contributions To/From Primary Government

In accordance with Article XI of the Constitution of the CNMI, MPLT makes distributions to the CNMI general fund from investment income. During the year ended September 30, 2017, MPLT recorded \$1,636,226 of distributions to the CNMI general fund, which was offset against payments on a note receivable from the CNMI Government.

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 year ended September 30, 2017, MPLT recorded \$174,188 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

The legal counsel of MPLT has a home loan outstanding of \$21,541 as of September 30, 2017. The home loan was obtained from NMHC in the ordinary course of business and is classified as notes receivable in the accompanying financial statements. This loan predates 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, 2017, MPLT was contingently liable to these institutions for \$621,086.

(11) Restatement

MPLT has restated net position at October 1, 2016 to record receivables from DPL of \$866,339.

MARIANAS PUBLIC LAND TRUST

Notes to Financial Statements
September 30, 2017

(12) Subsequent Event

On October 15, 2018, the CNMI Office of the Attorney General (OAG) issued an opinion on the ability of the Legislature to appropriate to DPL supplemental funding in excess of the approved fiscal year budget amount. The opinion advised the Secretary of Public Lands that any statute or regulation that would deprive MPLT of the revenue from public lands is in violation of the Constitution. The OAG further stated that payment of DPL's operating expenses is limited to the funding as appropriated by the Legislature. Any supplemental appropriation of excess public lands revenues of any "unobligated and unappropriated" funds would violate and contravene the constitutional mandate that funds be ultimately transferred to MPLT. OAG advised DPL that the funds are to be remitted to MPLT.

The OAG opinion also addressed as improper DPL's fiscal policy of understating its estimated revenues and overstating its estimated expenditures. This practice has resulted in growing DPL's fund balance at FY 2011 of \$4,966,016 to \$10,975,000 at FY 2017. DPL characterized this as a "reserve fund" balance. The opinion states that DPL has no legal authority to retain this excess net revenue and that the funds must be transferred to MPLT. Failure to turn over the fund balance each fiscal year is a clear violation of DPL's fiduciary duty, as co-trustee with MPLT, of public lands revenue with risk of personal fiduciary liability on the Secretary of Public Lands.

No adjustments have been made to the accompanying financial statements at this time pending resolution of this matter.

MARIANAS PUBLIC LAND TRUST

Combining Statement of Net Position
September 30, 2017

<u>ASSETS</u>	<u>General Fund</u>	<u>Park Fund</u>	<u>Eliminations</u>	<u>Total</u>
Current assets:				
Cash and cash equivalents	\$ 2,397,872	\$ 156,159	\$ -	\$ 2,554,031
Receivables:				
Notes, current portion	3,201,943	296,984	-	3,498,927
Department of Public Lands	1,501,174	-	-	1,501,174
Accrued income	188,205	23,225	-	211,430
Other	14,015	-	-	14,015
Due from other funds	22,180	-	(22,180)	-
Due from brokers	32,858	3,704	-	36,562
Prepaid expense	5,886	-	-	5,886
Total current assets	<u>7,364,133</u>	<u>480,072</u>	<u>(22,180)</u>	<u>7,822,025</u>
Other assets:				
Investments	<u>71,698,949</u>	<u>8,965,219</u>	<u>-</u>	<u>80,664,168</u>
Total other assets	<u>71,698,949</u>	<u>8,965,219</u>	<u>-</u>	<u>80,664,168</u>
Noncurrent assets:				
Notes receivable, net of current portion and allowance for loan losses	5,040,104	-	-	5,040,104
Foreclosed properties	99,400	-	-	99,400
Depreciable capital assets, net of accumulated depreciation	182,397	-	-	182,397
Nondepreciable capital assets	<u>140,650</u>	<u>-</u>	<u>-</u>	<u>140,650</u>
Total noncurrent assets	<u>5,462,551</u>	<u>-</u>	<u>-</u>	<u>5,462,551</u>
	<u>\$ 84,525,633</u>	<u>\$ 9,445,291</u>	<u>\$ (22,180)</u>	<u>\$ 93,948,744</u>
 <u>LIABILITIES AND NET POSITION</u>				
Current liabilities:				
Accounts payable	\$ 51,821	\$ 3,688	\$ -	\$ 55,509
Due to other funds	-	22,180	(22,180)	-
Due to brokers	369,315	-	-	369,315
Accrued expenses	<u>7,138</u>	<u>-</u>	<u>-</u>	<u>7,138</u>
Total liabilities	<u>428,274</u>	<u>25,868</u>	<u>(22,180)</u>	<u>431,962</u>
Net position:				
Net investment in capital assets	323,047	-	-	323,047
Restricted	<u>83,774,312</u>	<u>9,419,423</u>	<u>-</u>	<u>93,193,735</u>
Total net position	<u>84,097,359</u>	<u>9,419,423</u>	<u>-</u>	<u>93,516,782</u>
	<u>\$ 84,525,633</u>	<u>\$ 9,445,291</u>	<u>\$ (22,180)</u>	<u>\$ 93,948,744</u>

See Accompanying Independent Auditors' Report.

MARIANAS PUBLIC LAND TRUST

Combining Statement of Revenues, Expenses and Changes in Net Position
Year Ended September 30, 2017

	General Fund	Park Fund	Eliminations	Total
Operating revenues:				
Net increase in fair value of investments	\$ 3,414,918	\$ 423,090	\$ -	\$ 3,838,008
Investment income, net	2,059,625	136,270	-	2,195,895
Interest income from notes receivable	547,293	140,577	-	687,870
Department of Public Lands	634,835	-	-	634,835
Other	590	10	-	600
	<u>6,657,261</u>	<u>699,947</u>	<u>-</u>	<u>7,357,208</u>
Recovery	488,200	-	-	488,200
Net operating revenues	<u>7,145,461</u>	<u>699,947</u>	<u>-</u>	<u>7,845,408</u>
Operating expenses:				
Money manager fees	274,127	33,982	-	308,109
Money management administration	164,224	18,865	-	183,089
Consultancy fees	119,581	15,068	-	134,649
Salaries and benefits	105,315	11,999	-	117,314
Contract services	60,099	6,901	-	67,000
Trustees' expenses	54,751	6,444	-	61,195
Office supplies	51,650	5,880	-	57,530
Depreciation	38,724	-	-	38,724
Professional fees	36,283	-	-	36,283
Loan administration fee	34,126	-	-	34,126
Audit	15,891	1,825	-	17,716
Rent and utilities	14,851	1,705	-	16,556
Repairs and maintenance	1,660	-	-	1,660
Total operating expenses	<u>971,282</u>	<u>102,669</u>	<u>-</u>	<u>1,073,951</u>
Operating income	<u>6,174,179</u>	<u>597,278</u>	<u>-</u>	<u>6,771,457</u>
Other nonoperating expenses:				
Net distribution to the CNMI General Fund/ American Memorial Park	(1,636,226)	(174,188)	-	(1,810,414)
Total nonoperating expenses	<u>(1,636,226)</u>	<u>(174,188)</u>	<u>-</u>	<u>(1,810,414)</u>
Change in net position	4,537,953	423,090	-	4,961,043
Net position at beginning of year, as restated	<u>79,559,406</u>	<u>8,996,333</u>	<u>-</u>	<u>88,555,739</u>
Net position at end of year	<u>\$ 84,097,359</u>	<u>\$ 9,419,423</u>	<u>\$ -</u>	<u>\$ 93,516,782</u>

See Accompanying Independent Auditors' Report.

MARIANAS PUBLIC LAND TRUST

Combining Statement of Cash Flows
Year Ended September 30, 2017

	General Fund	Park Fund	Eliminations	Total
Cash flows from operating activities:				
Cash received from operations	\$ 2,844,270	\$ 329,287	\$ -	\$ 3,173,557
Cash payments to suppliers for goods and services	<u>(1,147,174)</u>	<u>(174,208)</u>	-	<u>(1,321,382)</u>
Net cash provided by operating activities	<u>1,697,096</u>	<u>155,079</u>	-	<u>1,852,175</u>
Cash flows from capital and related financing activities:				
Acquisition of capital assets	(38,019)	-	-	(38,019)
Sale of foreclosed properties	<u>88,000</u>	<u>-</u>	<u>-</u>	<u>88,000</u>
Net cash provided by capital and related financing activities	<u>49,981</u>	<u>-</u>	<u>-</u>	<u>49,981</u>
Cash flows from investing activities:				
Net decrease in notes receivable	1,065,396	-	-	1,065,396
Net increase in investments	<u>(2,678,912)</u>	<u>(174,118)</u>	<u>-</u>	<u>(2,853,030)</u>
Net cash used for investing activities	<u>(1,613,516)</u>	<u>(174,118)</u>	<u>-</u>	<u>(1,787,634)</u>
Net increase (decrease) in cash and cash equivalents	133,561	(19,039)	-	114,522
Cash and cash equivalents at beginning of year	<u>2,264,311</u>	<u>175,198</u>	<u>-</u>	<u>2,439,509</u>
Cash and cash equivalents at end of year	<u>\$ 2,397,872</u>	<u>\$ 156,159</u>	<u>\$ -</u>	<u>\$ 2,554,031</u>
Reconciliation of operating income to net cash provided by operating activities:				
Operating income	\$ 6,174,179	\$ 597,278	\$ -	\$ 6,771,457
Adjustments to reconcile operating income to net cash provided by operating activities:				
Net increase in fair value of investments	(3,414,918)	(423,090)	-	(3,838,008)
Recovery	(488,200)	-	-	(488,200)
Noncash interest income	(281,380)	(21,843)	-	(303,223)
Depreciation	38,724	-	-	38,724
(Increase) decrease in assets:				
Receivable - Department of Public Lands	(634,835)	-	-	(634,835)
Receivable - accrued income	6,680	(1,267)	-	5,413
Other receivable	(6,339)	-	-	(6,339)
Due from other funds	(7,637)	-	7,637	-
Due from brokers	525,438	75,540	-	600,978
Prepaid expense	(251)	-	-	(251)
Increase (decrease) in liabilities:				
Accounts payable	(10,635)	68	-	(10,567)
Due to other funds	-	7,637	(7,637)	-
Due to brokers	(188,981)	(79,244)	-	(268,225)
Accrued expenses	<u>(14,749)</u>	<u>-</u>	<u>-</u>	<u>(14,749)</u>
Net cash provided by operating activities	<u>\$ 1,697,096</u>	<u>\$ 155,079</u>	<u>\$ -</u>	<u>\$ 1,852,175</u>
Supplemental schedule of noncash operating, financing and investing activities:				
MPLT applied \$1,636,226 of the required income distribution to the CNMI General Fund for the year ended September 30, 2017 as a repayment of the CNMI's note receivable and related interest.				
Decrease in notes receivable	\$ (1,354,846)	\$ -	\$ -	\$ (1,354,846)
Increase in interest income	(281,380)	-	-	(281,380)
Increase in net contribution	<u>1,636,226</u>	<u>-</u>	<u>-</u>	<u>1,636,226</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
MPLT applied \$174,188 of the required income distribution of the American Memorial Park Fund for the year ended September 30, 2017 as a repayment of CDA's note receivable and related interest.				
Decrease in notes receivable	\$ -	\$ (152,345)	\$ -	\$ (152,345)
Increase in interest income	-	(21,843)	-	(21,843)
Increase in net contribution	<u>-</u>	<u>174,188</u>	<u>-</u>	<u>174,188</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See Accompanying Independent Auditors' Report.

MARIANAS PUBLIC LAND TRUST

Schedule of Investments - General Fund
September 30, 2017

Mutual Funds	<u>Cost</u>	<u>Fair Value</u>
Templeton Global Bond CL Adv MF	\$ 8,617,072	\$ 8,047,847
Total Mutual Funds	<u>8,617,072</u>	<u>8,047,847</u>
Equities		
Domestic Common Stock		
Activision Blizzard Ord	85,748	92,249
Adobe System Ord	109,740	152,164
Aetna Ord	148,219	172,526
Alibaba Group Holding ADR Rep 1 Ord	207,751	343,693
Allstate Ord	90,932	95,127
Alphabet CL A Ord	187,179	296,985
Altria Group Ord	108,312	99,569
Amazon Com Ord	165,472	273,023
Analog Devices Ord	87,663	95,649
Apple Ord	294,504	440,013
Bank of America Ord	218,746	341,963
Becton Dickinson Ord	126,934	132,266
Boston Scientific Ord	65,703	114,492
Caterpillar Ord	79,270	103,509
Celgene Ord	86,847	110,094
Charter Communications Inc.	93,596	134,465
Chevron Ord	148,458	164,499
Cisco Systems Ord	134,342	164,451
Citigroup Ord	285,845	383,704
Coca-Cola Ord	83,074	87,544
Comcast CL A Ord	59,700	74,266
CSX Ord	62,611	105,536
DowDupont Ord	122,619	170,998
EOG Resources Ord	271,847	268,454
Facebook CL A Ord	127,166	247,762
Fedex Ord	145,539	203,022
Hartford Financial Services Grp Ord	166,850	175,713
Home Depot Ord	104,001	210,175
Honeywell International Ord	119,898	144,575
Johnson & Johnson Ord	177,427	174,863
JPMorgan Chase Ord	215,756	342,403
Marsh & McLennan Ord	76,092	118,172
Martin Marietta Materials Ord	77,498	70,324
Microsoft Ord	267,874	378,782
Mohawk Industries Ord	153,585	183,157
Morgan Stanley Ord	144,381	205,927
Nvidia Ord	93,698	153,742
Pepsico Ord	99,902	109,759
Pfizer Ord	97,655	104,423
Philip Morris International Ord	151,888	158,744
PNC Financial Services Group Ord	83,202	93,665
Raytheon Ord	108,604	175,385
Roper Technologies Ord	91,328	90,301
Salesforce.com Ord	83,388	105,565
Stanley Black and Decker Ord	75,855	96,168
Time Warner Ord	75,144	97,327
United HealthGrp Ord	115,810	205,643
Vertex Pharmaceuticals Ord	151,230	189,290
Visa CL A Ord	152,123	198,904
Zoetis CL A Ord	121,349	143,779
Subtotal - Atlanta	<u>6,602,355</u>	<u>8,794,809</u>

See Accompanying Independent Auditors' Report.

MARIANAS PUBLIC LAND TRUST

Schedule of Investments - General Fund
September 30, 2017

Equities, Continued	<u>Cost</u>	<u>Fair Value</u>
Domestic Common Stock, Continued		
Abbvie Ord	182,048	284,352
Acadia Healthcare Company Ord	214,781	228,293
Adobe System Ord	182,525	372,950
AES Ord	167,717	122,785
Ameriprise Finance Ord	180,259	282,169
Amgen Ord	163,345	195,773
Ansys Ord	179,119	234,414
Archer Daniels Midland Ord	164,389	161,538
Banco Bilbao Vizcaya Argentaria Adr	232,411	269,402
Bank of America Ord	193,128	311,682
Baxter International Ord	214,128	354,538
BOK Financial Ord	81,390	133,620
Capital One Financial Ord	201,766	215,460
Chubb Ord	181,945	220,382
Coca-Cola Ord	166,759	179,140
Cullen Frost Bankers Ord	113,745	147,126
Danaher Ord	243,566	267,033
DowDupont Ord	180,390	242,305
East West Bancorp Ord	194,094	212,398
EQT Ord	188,955	169,624
General Dynamics Ord	163,030	287,812
Halliburton Ord	205,465	133,487
Home Depot Ord	196,368	392,544
JPMorgan Chase Ord	106,505	176,693
Kroger Ord	211,554	146,478
Lennar Cl A Ord	187,220	232,320
Martin Marietta Materials Ord	157,431	257,787
Medtronic Ord	238,545	241,087
Microchip Technology Ord	156,787	332,186
Microsoft Ord	171,667	305,409
Mitsubishi UFJ Financial Group Adr	138,346	142,324
Mondelez International Cl A Ord	166,628	178,904
Natl Fuel Gas Ord	216,458	199,833
Novartis Adr Repsg 1 Ord	231,096	214,625
Oshkosh Ord	186,577	280,636
Paypal Holdings Ord	110,466	236,911
Phillips 66 Ord	217,620	247,347
Pioneer Natural Resource Ord	206,259	147,540
PPG Industries Ord	248,443	260,893
Unilever Adr Rep 1 Ord	184,338	247,968
Walgreen Boots Alliance Ord	206,584	216,216
Subtotal - Aristotle	<u>7,533,847</u>	<u>9,483,984</u>
Total Domestic Common Stock	<u>14,136,202</u>	<u>18,278,793</u>
International Common Stock		
Accenture Cl A Ord	85,279	94,414
Alliance Glob Unspn Adr Rep 50 Ord	33,102	32,886
Anheuser Busch Adr Rep 1 Ord	88,893	86,373
Aon Cl A Ord	59,537	82,108
Ashtead Group Unspns Adr Rep 4 Ord	25,327	46,342
Assa Abloy Adr	81,503	92,677
Associated British Foods Adr	54,334	54,920
Banca Mediolanm Unspn Adr Rep 2 Ord	32,402	33,489
BB Seguridade Par Spon Adr Rep Ord	66,953	62,903
BHP Billiton Adr Rep 2 Ord	60,776	87,180
British American Tobacco Adr Rep Ord	106,638	110,287
Canadian National Railway Ord	38,355	50,987
Carlsberg Spon Adr Repstg Cl B Ord	67,400	72,459

See Accompanying Independent Auditors' Report.

MARIANAS PUBLIC LAND TRUST

Schedule of Investments - General Fund
September 30, 2017

Equities, Continued	<u>Cost</u>	<u>Fair Value</u>
International Common Stock, Continued		
Cielo Adr	55,621	49,030
Compagnie Financiere Richemont Adr	37,133	52,626
Compass Group Plc	61,841	71,147
Continental Adr Rep Ord	51,851	64,587
Convatec Group Unspn Adr Rep 4 Ord	34,457	30,016
Daiwa House Industry Adr Rep Ord	86,109	112,443
DBS Group Holdings Adr Rep 4 Ord	49,446	56,483
Deutsche Post Adr	34,847	38,428
Fanuc Adr	23,144	31,746
Ferguson Spon Adr Rep 0.1 Ord	63,122	73,001
Icici Bank Adr Rep 2 Ord	45,577	43,930
Kao Adr	35,548	33,463
Kasikornbank Adr Rep 4 Ord	37,719	42,009
KBC Groep Adr	33,921	48,527
KDDI Adr Rep 0.5 Ord	49,955	44,136
KOC Holdings Adr	25,303	27,840
Makita Adr Rep 1 Ord	72,459	92,340
Medtronic Ord	88,697	82,903
Michelin Compagnie Gen Adr	56,766	65,116
MR Price Group Spon Adr Rep 1 Ord	31,204	34,935
Nordea Bank Adr	54,594	55,106
Novartis Adr Repsg 1 Ord	83,351	96,066
Prudential Adr Repstg 2 Ord	105,771	133,286
PT Tlkmnk Tbk Adr Rep 100 Srs B Ord	63,487	100,842
Red Electrica Adr Rep 1/5 Ord	53,170	49,838
Relx Adr Rep Ord	53,035	66,380
Royal Dutch Shell Adr Rpstg 2 A Ord	73,027	86,932
Ryanair Holdings Public Limited Company	30,848	39,216
Ryohin Keikku Unspn Adr Rep 0.20 Ord	73,997	97,890
Sampo Adr Rep 1/2 Cl A Ord	77,886	91,991
Saneamen Sao Pau Adr Rep 1 Ord	25,942	36,526
Sanlam Adr Rep2 Ord	43,426	47,374
SAP Adr Rep 1 Ord	87,532	109,760
Shire Ads Rep 3 Ord	105,802	92,037
Sony Adr Rep 1 Ord	29,636	46,675
Statoil Adr Rep 1 Ord	57,057	67,060
Sumitomo Mit Adr Rep 1/5th of Ord	55,366	71,641
Suncor Energy Ord	58,835	69,297
Taiwan Semiconductor Mnftg Adr 5 Ord	74,869	134,355
Telenor Adr Rep Ord	44,908	57,732
Tencent Holdings Adr Rep 1 CL B Ord	66,327	116,520
Tokyo Electron Adr Rep 2 Ord	42,965	58,565
Turkcell Iletism Adr Rep 2.5 Ord	101,327	75,579
Unilever Adr Rep 1 Ord	79,421	104,212
Valeo Adr Rep 1/2 Ord	71,921	99,526
Vinci Adr Rep 1/4 Ord	64,727	84,903
Wolters Kluwer Adr	67,817	82,638
Worldpay Group Adr	47,647	64,529
Yandex CL A Ord	31,375	35,981
Total International Common Stock - Lazard	<u>3,601,285</u>	<u>4,274,188</u>
Master Limited Partnerships		
Andeavor Logistics Unt	412,347	361,433
Antero Midstream Ord	59,669	54,962
Antero Resources Midstream Unt	202,453	236,349
Buckeye Partners Unt	419,118	329,745
Cheniere Energy Ord	44,121	40,896
Energy Transfer Equity Unt	448,127	454,956
Energy Transfer Partners Unt	399,530	311,460

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MARIANAS PUBLIC LAND TRUST

Schedule of Investments - General Fund
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Equities, Continued	<u>Cost</u>	<u>Fair Value</u>
Master Limited Partnerships, Continued		
Enterprise Products Partners Unt	885,729	718,124
EQT Gp Holdings Unt	43,022	45,004
EQT Midstream Partners Unt	436,492	449,895
Genesis Energy Unt	203,555	123,002
Magellan Midstream Partners Unt	681,873	672,085
MPLX Com Unt	598,289	519,233
Noble Midstream Partners Unt	31,767	65,252
Nustar Energy Unt	82,477	69,855
Oneok Ord	398,398	425,770
Phillips 66 Partners Com Unt	429,244	382,902
Plains All American Pipeline Unt	821,008	450,393
Shell Midstream Partners Unt	363,857	337,616
Spectra Energy Partners Unt	155,898	157,328
Tallgrass Energy Gp Cl A Ord	32,450	41,669
Tallgrass Energy Partners Com Unt	197,200	214,643
Targa Resources Ord	171,615	143,650
Valero Energy Partners Com Unt	240,621	214,709
Western Gas Equity Partners Com Unt	43,796	44,351
Western Gas Partners Unt	443,912	393,215
Williams Ord	154,727	197,586
Williams Partners Unt	260,616	282,686
Total Master Limited Partnerships - Tortoise	<u>8,661,911</u>	<u>7,738,769</u>
Real Estate Investment Trusts		
Alexandria Real Estate Eq Reit Ord	245,206	293,142
American Assets Reit Ord	82,095	83,597
American Tower Reit	91,073	128,616
Apartment Invst Mgt Cl A Reit Ord	251,171	267,283
Boston Properties Reit Ord	246,300	238,756
Corporate Office Prop Reit Ord	202,451	218,943
DCT Industrial Reit Ord	188,367	263,478
Digital Realty Reit Ord	194,697	287,187
Equinix Reit	248,382	295,451
Equity Residential Reit Ord	399,498	393,009
Essex Property Reit Ord	240,273	269,526
Extra Space Storage Reit Ord	288,763	279,081
Four Corners Property Ord	51,793	62,873
GGP Ord	165,093	129,459
Healthcar Trst Of Am Cl A Reit Ord	263,258	270,375
Highwoods Properties Reit Ord	220,174	237,530
Hilton Grand Vacations Ord	61,471	89,710
Hilton Worldwide Holdings Ord	132,120	166,055
Kilroy Realty Reit Ord	285,771	306,385
Kimco Realty Reit Ord	320,071	227,562
Marriott International Cl A Ord	180,902	271,240
National Retail Properties Reit Ord	152,075	133,479
Prologis Reit	370,193	534,841
Public Storage Reit Ord	448,587	444,671
Regency Centers Reit Ord	377,039	320,126
Retail Opportunity Invest Reit Ord	171,237	160,140
Simon Prop Grp Reit Ord	839,322	759,323
Starwood Waypoint Homes Ord	149,741	177,740
Sun Communities Reit Ord	197,763	226,195
Vornado Realty Reit Ord	395,055	372,253
Welltower Ord	386,373	408,889
Total Real Estate Investment Trusts - Adelante	<u>7,846,314</u>	<u>8,316,915</u>
Total Equities	<u>34,245,712</u>	<u>38,608,665</u>

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September 30, 2017

Fixed Income Securities	Cost	Fair Value	Ratings
Mortgage and Asset Backed Securities			
Federal Farm Credit Banks Funding Corp @ 1.284%, due 04/16/18	963,458	966,197	AA+
Federal Farm Credit Banks Funding Corp @ 1.254%, due 05/17/18	1,199,334	1,201,104	AA+
Federal Farm Credit Banks Funding Corp @ 1.406%, due 01/22/19	411,757	411,091	AA+
Federal Farm Credit Banks Funding Corp @ 1.384%, due 03/15/19	602,676	602,022	AA+
Federal Farm Credit Banks Funding Corp @ 1.172%, due 04/03/19	485,024	485,078	AA+
Federal Farm Credit Banks Funding Corp @ 1.197%, due 04/24/19	335,072	335,104	AA+
Federal Home Loan Banks @ 1.263%, due 05/04/18	630,182	630,554	AA+
Federal Home Loan Banks @ 1.104%, due 10/26/18	340,055	339,952	AA+
Federal Home Loan Mortgage Corp @ 1.136%, due 07/05/19	1,440,000	1,439,078	AA+
Federal National Mortgage Association @ 1.276%, due 03/21/18	460,044	460,290	AA+
FH G15743 @ 5.00%, due 06/01/26	321,209	316,032	AA+
FH G60134 @ 4.50%, due 06/01/36	612,820	602,713	AA+
FH J11367 @ 4.50%, due 01/01/25	889,467	895,141	AA+
FN AL8215 @ 5.00%, due 04/01/31	529,587	522,019	AA+
FN 256105 @ 5.50%, due 02/01/21	99,629	96,262	AA+
FN 868434 @ 5.50%, due 04/01/21	144,129	138,577	AA+
FN 904529 @ 6.50%, due 01/01/37	39,614	42,685	AA+
FN 995628 @ 5.50%, due 02/01/29	254,763	255,954	AA+
Total Mortgage and Asset Backed Securities - Garcia Hamilton	9,758,820	9,739,853	
Government Bonds			
United States Treasury @ 2.75%, due 08/15/42	1,366,595	1,333,652	AA+
United States Treasury @ 2.875%, due 08/15/45	3,022,099	3,138,437	AA+
United States Treasury @ 2.50%, due 05/15/46	131,622	130,091	AA+
Total Government Bonds - Garcia Hamilton	4,520,316	4,602,180	
Corporate Bonds			
American Express Credit Corp @ 2.369%, due 09/14/20	834,855	834,129	A-
Apple Inc @ 1.612%, due 05/06/19	416,536	416,656	AA+
Bank of New York Mellon Corp @ 2.361%, due 10/30/23	618,927	628,216	A
General Electric Capital Corp @ 2.104%, due 04/15/20	376,427	375,513	A+
General Electric Capital Corp @ 2.304%, due 04/15/23	353,992	352,707	A+
Goldman Sachs Group Inc @ 2.917%, due 11/29/23	573,493	580,642	BBB+
Intel Corp @ 1.659%, due 05/11/22	421,136	421,168	A+
JP Morgan Chase & Co @ 2.796%, due 03/01/21	416,895	417,960	A-
Merck & Co Inc @ 1.684%, due 02/10/20	618,708	618,573	A
Morgan Stanley @ 2.712%, due 10/24/23	511,000	521,592	BBB+
State Street Corp @ 2.217%, due 08/18/20	678,213	678,533	A
Wells Fargo & Co @ 2.339%, due 07/26/21	289,477	290,651	A
Wells Fargo & Co @ 2.541%, due 10/31/23	506,530	516,600	A
Subtotal - Garcia Hamilton	6,616,189	6,652,940	
ADT Corp @ 4.125%, due 06/15/23	77,500	81,400	BB-
AES Corp @ 5.50%, due 03/15/24	81,600	83,300	BB
Aircastle Ltd @ 7.625%, due 04/15/20	90,125	89,300	BB+
Amerigas Partners LP @ 5.875%, due 08/20/26	80,120	83,200	BB-
Arcelormittal SA @ 6.00%, due 03/01/21	65,505	87,800	BB+
Ball Corp @ 5.25%, due 07/01/25	81,495	87,820	BB+
Centene Corp @ 4.75%, due 01/15/25	79,500	83,000	BB
Centurylink Inc @ 6.45%, due 06/15/21	76,559	83,242	BB-
CHS Community Health Systems Inc @ 5.125%, due 08/01/21	79,714	79,000	B+
Clear Channel Worldwide Holdings Inc. @ 6.50%, due 11/15/22	76,645	82,400	B
CNH Industrial Capital LLC @ 3.875%, due 10/15/21	79,400	82,210	BB+
CSC Holdings Inc @ 6.75%, due 11/15/21	77,630	88,400	B
DCP Midstream Operating LP @ 3.875%, due 03/15/23	68,625	73,500	BB
Dell Computer Corporation @ 7.10%, due 04/15/28	82,875	83,250	BB-
Dish DBS Corp @ 5.125%, due 05/01/20	82,600	83,876	B+
Dupont Fabros Technology LP @ 5.625%, due 06/15/23	83,800	85,176	BBB
Eldorado Resorts Inc @ 6.00%, due 04/01/25	84,400	84,000	B-

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Fixed Income Securities, Continued	Cost	Fair Value	Ratings
Corporate Bonds, Continued			
Energy Transfer Co @ 7.50%, due 10/15/20	82,654	90,100	BB-
Equinix Inc @ 5.375%, due 01/01/22	83,050	83,880	B+
Ferrellgas Partners LP @ 6.50%, due 05/01/21	68,508	77,600	B-
Frontier Communications Corp @ 8.75%, due 04/15/22	73,244	65,400	B
GCI Inc @ 6.75%, due 06/01/21	81,560	82,000	B-
Geo Group Inc @ 5.125%, due 04/01/23	75,750	75,938	B+
GFI Group Inc @ 8.375%, due 07/19/18	87,395	83,800	BB
GLP Capital LP @ 5.375%, due 04/15/26	81,425	87,300	BB+
Griffon Corp @ 5.25%, due 03/01/22	76,758	81,200	B
HCA Inc @ 6.50%, due 02/15/20	87,610	87,100	BB+
IAC/InteractiveCorp @ 4.875%, due 11/30/18	62,747	62,155	BB
Icahn Enterprises LP @ 6.00%, due 08/01/20	73,164	73,268	BB-
International Lease Finance Corp @ 5.875%, due 08/15/22	86,590	89,578	BBB-
L Brands Inc @ 5.625%, due 02/15/22	84,050	85,392	BB+
Lennar Corp @ 4.75%, due 11/15/22	71,225	74,025	BB+
Navient Corp @ 6.50%, due 06/15/22	82,400	84,850	B+
Newstar Financial Inc @ 7.25%, due 05/01/20	78,160	82,400	BB-
NRG Energy Inc @ 6.25%, due 05/01/24	80,600	83,200	B+
Penske Automotive Group Inc @ 5.50%, due 05/15/26	79,200	82,700	B+
Quadgraphics Inc @ 7.00%, due 05/01/22	68,163	71,750	B
QVC Inc @ 4.375%, due 03/15/23	66,052	72,707	BB
Sprint Nextel Corp @ 6.00%, due 11/15/22	85,500	85,642	B-
Suburban Propane Partners LP @ 5.875%, due 03/01/27	79,675	79,200	B+
Sunoco LP @ 5.50%, due 08/01/20	81,584	82,400	B+
Targa Resources Partners LP @ 5.25%, due 05/01/23	65,800	71,400	BB-
Teekay Corp @ 8.50%, due 01/15/20	61,223	81,304	CCC+
Tegna Inc @ 6.375%, due 10/15/23	84,008	85,100	BB
Tenet Healthcare Corp @ 4.375%, due 10/01/21	77,811	81,100	BB-
Tri Pointe Group Inc @ 5.25%, due 06/01/27	80,000	81,300	BB-
UAL 05ERJ1 A1 @ 9.798%, due 04/01/21	52,339	52,101	BB-
United Rentals (North America) Inc @ 4.625%, due 07/15/23	79,451	83,500	BB+
Wesco Distribution Inc @ 5.375%, due 06/15/24	83,800	84,400	B+
Xerium Technologies Inc @ 9.50%, due 08/15/21	80,950	82,800	B
Subtotal - Chartwell	<u>3,890,539</u>	<u>4,047,464</u>	
Total Corporate Bonds	<u>10,506,728</u>	<u>10,700,404</u>	
Total Fixed Income Securities	<u>24,785,864</u>	<u>25,042,437</u>	
Total Mutual Funds, Equities and Fixed Income Securities	<u>\$ 67,648,648</u>	<u>\$ 71,698,949</u>	

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Schedule of Investments - Park Fund
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Mutual Funds	<u>Cost</u>	<u>Fair Value</u>
Templeton Global Bond CL ADV MF	\$ 1,019,887	\$ 947,069
Total Mutual Funds	<u>1,019,887</u>	<u>947,069</u>
Equities		
Domestic Common Stock		
Activision Blizzard Ord	10,494	11,289
Adobe System Ord	13,457	18,648
Aetna Ord	17,732	20,671
Alibaba Group Holding ADR Rep 1 Ord	25,053	41,450
Allstate Ord	10,982	11,489
Alphabet CL A Ord	22,835	36,028
Altria Group Ord	13,119	12,050
Amazon Com Ord	20,492	33,647
Analog Devices Ord	10,662	11,633
Apple Ord	35,616	53,171
Bank Of America Ord	26,542	41,304
Becton Dickinson Ord	15,006	15,676
Boston Scientific Ord	8,060	13,856
Caterpillar Ord	9,550	12,471
Celgene Ord	10,363	13,124
Charter Communications Inc.	11,402	16,355
Chevron Ord	18,027	19,975
Cisco Systems Ord	16,206	19,842
Citigroup Ord	34,444	46,189
Coca-Cola Ord	10,037	10,577
Comcast CL A Ord	7,256	9,043
Csx Ord	7,560	12,751
DowDupont Ord	14,943	20,769
Eog Resources Ord	32,821	32,408
Facebook CL A Ord	15,353	29,902
Fedex Ord	17,711	24,813
Hartford Financial Services Grp Ord	20,273	21,341
Home Depot Ord	12,551	25,352
Honeywell International Ord	14,679	17,718
Johnson & Johnson Ord	21,095	20,802
JPMorgan Chase Ord	26,308	41,546
Marsh & McLennan Ord	9,171	14,248
Martin Marietta Materials Ord	8,863	8,043
Microsoft Ord	32,509	45,811
Mohawk Industries Ord	18,707	22,276
Morgan Stanley Ord	17,409	24,808
Nvidia Ord	11,458	18,771
Pepsico Ord	12,164	13,372
Pfizer Ord	11,839	12,674
Philip Morris International Ord	18,578	19,427
Pnc Financial Services Group Ord	10,176	11,455
Raytheon Ord	12,362	20,524
Roper Technologies Ord	11,077	10,953
Salesforce.com Ord	9,970	12,611
Stanley Black And Decker Ord	8,917	11,323
Time Warner Ord	9,097	11,782
Unitedhealth Grp Ord	13,900	24,481
Vertex Pharmaceuticals Ord	18,203	22,806
Visa Cl A Ord	18,537	24,205
Zoetis CL A Ord	14,529	17,215
Subtotal - Atalanta	<u>798,095</u>	<u>1,062,675</u>

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Equities, Continued	<u>Cost</u>	<u>Fair Value</u>
Domestic Common Stock, Continued		
Abbvie Ord	22,472	35,100
Acadia Healthcare Company Ord	26,061	27,701
Adobe System Ord	21,903	44,754
Aes Ord	22,564	16,519
Amgen Ord	19,446	23,306
Ameriprise Finance Ord	21,821	34,157
Ansys Ord	21,663	28,351
Archer Daniels Midland Ord	22,063	21,680
Banco Bilbao Vizcaya Argentaria Adr	28,297	32,621
Bank Of America Ord	22,932	36,996
Baxter International Ord	25,848	42,670
Bok Financial Ord	8,682	14,253
Capital One Financial Ord	24,418	26,075
Chubb Ord	22,008	26,657
Coca-Cola Ord	20,321	21,830
Cullen Frost Bankers Ord	15,411	19,933
Danaher Ord	29,425	32,253
DowDupont Ord	20,616	27,692
East West Bancorp Ord	23,435	25,646
EqT Ord	22,529	20,224
General Dynamics Ord	19,796	34,949
Halliburton Ord	27,631	17,952
Home Depot Ord	19,637	39,254
JPMorgan Chase Ord	12,953	21,490
Kroger Ord	25,582	17,713
Lennar Cl A Ord	23,190	28,776
Martin Marietta Materials Ord	18,892	30,935
Medtronic Ord	27,702	27,997
Microchip Technology Ord	19,069	40,401
Microsoft Ord	20,726	36,873
Mitsubishi Ufj Financial Group Adr	16,495	16,969
Mondelez International Cl A Ord	19,692	21,143
Natl Fuel Gas Ord	26,432	24,172
Novartis Adr Repsg 1 Ord	28,544	26,184
Oshkosh Ord	21,782	33,016
Paypal Holdings Ord	12,539	26,893
Phillips 66 Ord	24,180	27,483
Pioneer Natural Resource Ord	25,202	17,705
Ppg Industries Ord	30,005	31,511
Unilever Adr Rep 1 Ord	22,164	29,815
Walgreen Boots Alliance Ord	25,454	26,641
	<u>909,582</u>	<u>1,136,290</u>
Subtotal - Aristotle		
Total Domestic Common Stock	<u>1,707,677</u>	<u>2,198,965</u>
International Common Stock		
Accenture Cl A Ord	10,125	11,211
Alliance Glob Unspn Adr Rep 50 Ord	3,909	3,900
Anheuser Busch Adr Rep 1 Ord	10,559	10,260
Aon Cl A Ord	7,101	9,789
Ashtead Group Unspn Adr Rep 4 Ord	2,994	5,503
Assa Abloy Adr	9,657	10,972
Associated British Foods Adr	6,445	6,512
Banca Mediolanm Unspn Adr Rep 2 Ord	3,841	3,972
Bb Seguridade Par Spon Adr Rep Ord	8,594	7,462
BHP Billiton Adr Rep 2 Ord	7,224	10,335
British American Tobacco Adr Rep Ord	12,685	13,115
Canadian National Railway Ord	4,553	6,052
Carlsberg Spon Adr Repstg Cl B Ord	8,004	8,603
Cielo Adr	6,599	5,817

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Equities, Continued	Cost	Fair Value
International Common Stock, Continued		
Compagnie Financiere Richemont Adr	4,407	6,247
Compass Group Plc	7,329	8,432
Continental Adr Rep Ord	6,157	7,667
Convatec Group Unspn Adr Rep 4 Ord	4,081	3,555
Daiwa House Industry Adr Rep Ord	10,199	13,322
Deutsche Post Adr	4,119	4,542
Dbx Group Holdings Adr Rep 4 Ord	5,852	6,685
Fanuc Adr	2,745	3,766
Ferguson Spon Adr Rep 0.1 Ord	7,449	8,645
Icici Bank Adr Rep 2 Ord	5,408	5,213
Kasikornbank Adr Rep 4 Ord	4,592	4,990
Kao Adr	4,186	3,940
KBC Groep Adr	4,035	5,764
KDDI Adr Rep 0.5 Ord	5,922	5,232
Koc Holdings Adr	3,126	3,310
Makita Adr Rep 1 Ord	8,598	10,958
Medtronic Ord	10,572	9,878
Michelin Compagnie Gen Adr	6,746	7,738
Mr Price Group Spon Adr Rep 1 Ord	3,692	4,134
Nordea Bank Adr	6,472	6,533
Novartis Adr Repsg 1 Ord	9,842	11,332
Prudential Adr Repstg 2 Ord	12,582	15,858
PT Tlkmnk Tbk Adr Rep 100 Srs B Ord	7,409	11,936
Red Electrica Adr Rep 1/5 Ord	6,283	5,896
Relx Adr Rep Ord	6,265	7,845
Royal Dutch Shell Adr Rpstg 2 A Ord	8,664	10,299
Ryanair Holdings Public Limited Company	3,646	4,638
Ryohin Keikku Unspn Adr Rep 0.20 Ord	8,754	11,603
Sampo Adr Rep 1/2 Cl A Ord	9,242	10,917
Saneamen Sao Pau Adr Rep 1 Ord	3,071	4,330
Sanlam Adr Rep 2 Ord	5,243	5,612
Sap Adr Rep 1 Ord	10,406	13,048
Shire Ads Rep 3 Ord	12,524	10,873
Sony Adr Rep 1 Ord	3,510	5,526
Statoil Adr Rep 1 Ord	6,768	7,956
Sumitomo Mit Adr Rep 1/5th Of Ord	6,540	8,481
Suncor Energy Ord	6,967	8,206
Taiwan Semiconductor Mnftg Adr 5 Ord	8,432	15,921
Telenor Adr Rep Ord	5,332	6,854
Tencent Holdings Adr Rep 1 Cl B Ord	7,866	13,817
Tokyo Electron Adr Rep 2 Ord	5,096	6,946
Turkcell Iletisim Adr Rep 2.5 Ord	12,147	8,970
Unilever Adr Rep 1 Ord	9,409	12,345
Valeo Adr Rep 1/2 Ord	8,532	11,801
Vinci Adr Rep 1/4 Ord	7,681	10,075
Wolters Kluwer Adr	8,039	9,798
Worldpay Group Adr	5,649	7,650
Yandex Cl A Ord	3,735	4,284
Total International Common Stock - Lazard	427,611	506,871
Master Limited Partnerships		
Andeavor Logistics Unt	49,100	42,952
Antero Midstream Ord	7,156	6,591
Antero Resources Midstream Unt	24,177	28,346
Buckeye Partners Unt	49,761	38,589
Cheniere Energy Ord	5,126	4,954
Energy Transfer Equity Unt	50,396	54,573
Energy Transfer Partners Unt	48,646	37,367
Enterprise Products Partners Unt	109,818	86,500
EQT Gp Holdings Unt	5,226	5,358

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Equities, Continued	<u>Cost</u>	<u>Fair Value</u>
Master Limited Partnerships, Continued		
EQT Midstream Partners Unt	52,724	53,903
Genesis Energy Unt	23,986	14,888
Magellan Midstream Partners Unt	84,883	82,998
MPLX Com Unt	70,503	62,283
Noble Midstream Partners Unt	3,812	7,832
Nustar Energy Unt	9,920	8,402
Oneok Ord	47,959	51,254
Phillips 66 Partners Com Unt	51,172	45,097
Plains All American Pipeline Unt	105,253	53,950
Shell Midstream Partners Unt	43,549	40,507
Spectra Energy Partners Unt	18,801	18,995
Tallgrass Energy Partners Com Unt	23,659	25,956
Tallgrass Energy Gp Cl A Ord	3,894	5,000
Targa Resources Ord	20,215	16,839
Valero Energy Partners Com Unt	28,986	25,707
Western Gas Equity Partners Com Unt	5,924	5,312
Western Gas Partners Unt	54,659	46,819
Williams Ord	18,483	23,708
Williams Partners Unt	30,853	33,882
Total Master Limited Partnerships - Tortoise	<u>1,048,641</u>	<u>928,562</u>
Real Estate Investment Trusts		
Alexandria Real Estate Eq Reit Ord	28,272	33,906
American Tower Reit	10,641	14,761
American Assets Reit Ord	9,647	9,744
Apartment Invst Mgt Cl A Reit Ord	29,182	31,053
Boston Properties Reit Ord	28,107	27,648
Corporate Office Prop Reit Ord	23,484	25,410
Dct Industrial Reit Ord	21,779	30,582
Digital Realty Reit Ord	22,592	33,251
Equinix Reit	28,850	34,365
Equity Residential Reit Ord	47,098	45,689
Essex Property Reit Ord	27,975	31,246
Extra Space Storage Reit Ord	33,722	32,448
Four Corners Property Ord	6,033	7,326
GGP Ord	18,628	15,037
Healthcar Trst Of Am Cl A Reit Ord	30,631	31,409
Highwoods Properties Reit Ord	25,487	27,504
Hilton Grand Vacations Ord	7,156	10,430
Hilton Worldwide Holdings Ord	15,304	19,238
Kilroy Realty Reit Ord	33,226	35,631
Kimco Realty Reit Ord	37,111	26,393
Marriott International Cl A Ord	21,102	31,424
National Retail Properties Reit Ord	17,655	15,498
Prologis Reit	42,865	62,127
Public Storage Reit Ord	52,977	51,358
Regency Centers Reit Ord	43,814	37,224
Retail Opportunity Invest Reit Ord	19,881	18,592
Starwood Waypoint Homes Ord	17,380	20,622
Simon Prop Grp Reit Ord	98,487	88,233
Sun Communities Reit Ord	22,912	26,218
Vornado Realty Reit Ord	45,753	43,130
Welltower Ord	45,289	47,439
Total Real Estate Investment Trusts - Adelante	<u>913,040</u>	<u>964,936</u>
Total Equities	<u>4,096,969</u>	<u>4,599,334</u>

See Accompanying Independent Auditors' Report.

MARIANAS PUBLIC LAND TRUST

Schedule of Investments - Park Fund
September 30, 2017

Fixed Income Securities	Cost	Fair Value	Ratings
Mortgage & Asset Backed Securities			
Federal Farm Credit Banks Funding Corp @ 1.398%, due 03/26/18	40,000	40,056	AA+
Federal Farm Credit Banks Funding Corp @ 1.284%, due 04/16/18	219,720	220,273	AA+
Federal Home Loan Banks @ 1.263%, due 05/04/18	120,035	120,105	AA+
Federal Farm Credit Banks Funding Corp @ 1.254%, due 05/17/18	99,941	100,092	AA+
Federal Home Loan Banks @ 1.104%, due 10/26/18	75,012	74,989	AA+
Federal Farm Credit Banks Funding Corp @ 1.406%, due 01/22/19	85,364	85,226	AA+
Federal Farm Credit Banks Funding Corp @ 1.172%, due 04/03/19	70,004	70,011	AA+
Federal Farm Credit Banks Funding Corp @ 1.197%, due 04/24/19	65,014	65,020	AA+
Federal Home Loan Banks @ 1.138%, due 07/05/19	175,000	174,805	AA+
Federal Home Loan Mortgage Corp @ 1.136%, due 07/05/19	130,000	129,917	AA+
FH G15743 @ 5.00%, due 06/01/26	39,796	39,154	AA+
FH G60134 @ 4.50%, due 06/01/36	78,837	77,413	AA+
FN 868434 @ 5.50%, due 04/01/21	15,078	14,497	AA+
FH G15718 @ 5.50%, due 12/01/24	75,605	74,675	AA+
FN 745418 @ 5.50%, due 04/01/36	84,653	84,152	AA+
Total Mortgage & Asset Backed Securities - Garcia Hamilton	<u>1,374,059</u>	<u>1,370,385</u>	
Government Bonds			
United States Treasury @ 2.75%, due 08/15/42	193,991	192,639	AA+
United States Treasury @ 2.875%, due 08/15/45	403,207	421,805	AA+
United States Treasury @ 2.50%, due 05/15/46	28,389	27,877	AA+
Total Government Bonds - Garcia Hamilton	<u>625,587</u>	<u>642,321</u>	
Corporate Bonds			
American Express Credit Corp @ 2.016%, due 03/03/22	110,912	110,660	A-
Apple Inc @ 1.612%, due 05/06/19	95,361	95,379	AA+
Bank of New York Mellon Corp @ 2.361%, due 10/30/23	95,700	97,041	A
Berkshire Hathaway Finance Corp @ 2.01%, due 03/15/19	45,603	45,464	A+
General Electric Capital Corp @ 2.104%, due 04/15/20	61,042	60,894	A+
Goldman Sachs Group Inc @ 2.917%, due 11/29/23	76,548	77,765	BBB+
Intel Corp @ 1.659%, due 05/11/22	75,192	75,209	A+
JP Morgan Chase & Co @ 2.542%, due 10/24/23	86,410	86,842	A-
Merck & Co Inc @ 1.684%, due 02/10/20	90,543	90,523	A
Morgan Stanley @ 2.712%, due 10/24/23	90,480	92,046	BBB+
Wells Fargo & Company @ 2.339%, due 07/26/21	30,442	30,595	A
Wells Fargo & Company @ 2.541%, due 10/31/23	30,720	30,689	A
Subtotal - Garcia Hamilton	<u>888,953</u>	<u>893,107</u>	
ADT Corp @ 4.125%, due 06/15/23	9,688	10,175	BB-
AES Corp @ 5.50%, due 03/15/24	10,200	10,412	BB
Aircastle Ltd @ 7.625%, due 04/15/20	11,300	11,163	BB+
Amerigas Partners LP @ 5.875%, due 08/20/26	10,000	10,400	BB-
Arcelormittal SA @ 6.00%, due 03/01/21	8,187	10,975	BB+
Ball Corp @ 5.25%, due 07/01/25	10,175	10,977	BB+
Centene Corp @ 4.75%, due 01/15/25	9,937	10,375	BB
Centurylink Inc @ 6.45%, due 06/15/21	9,560	10,405	BB-
CHS/Community Health Systems Inc @ 5.125%, due 08/01/21	9,962	9,875	B+
Clear Channel Worldwide Holdings Inc @ 6.50%, due 11/15/22	9,536	10,300	B
CNH Industrial Capital LLC @ 3.875%, due 10/15/21	9,925	10,276	BB+
CSC Holdings Inc @ 6.75%, due 11/15/21	9,677	11,050	B
DCP Midstream Operating LP @ 3.875%, due 03/15/23	9,150	9,800	BB
Dell Computer Corporation @ 7.10%, due 04/15/28	11,050	11,100	BB-
Dish DBS Corp @ 5.125%, due 05/01/20	10,325	10,485	B+
Dupont Fabros Technology LP @ 5.625%, due 06/15/23	10,475	10,647	BBB
Eldorado Resorts Inc @ 6.00%, due 04/01/25	10,550	10,500	B-
Energy Transfer Co @ 7.50%, due 10/15/20	11,474	12,389	BB-
Equinix Inc @ 5.375%, due 01/01/22	10,366	10,485	B+
Ferrellgas Partners LP @ 6.50%, due 05/01/21	8,550	9,700	B-
Frontier Communications Corp @ 8.75%, due 04/15/22	9,125	8,175	B

See Accompanying Independent Auditors' Report.

MARIANAS PUBLIC LAND TRUST

Schedule of Investments - Park Fund
September 30, 2017

Fixed Income Securities, Continued	Cost	Fair Value	Ratings
Corporate Bonds, Continued			
Geo Group Inc @ 5.125%, due 04/01/23	9,090	9,113	B+
GCI Inc @ 6.75%, due 06/01/21	10,223	10,250	B-
GFI Group Inc @ 8.375%, due 07/19/18	10,930	10,475	BB
GLP Capital LP @ 5.375%, due 04/15/26	10,119	10,913	BB+
Griffon Corp @ 5.25%, due 03/01/22	9,587	10,150	B
HCA Inc @ 6.50%, due 02/15/20	10,950	10,888	BB+
IAC/InteractiveCorp @ 4.875%, due 11/30/18	6,066	6,015	BB
Icahn Enterprises LP @ 6.00%, due 08/01/20	10,264	10,320	BB-
International Lease Finance Corp @ 5.875%, due 08/15/22	10,820	11,197	BBB-
L Brands Inc @ 5.625%, due 02/15/22	10,506	10,674	BB+
Lennar Corp @ 4.75%, due 11/15/22	10,175	10,575	BB+
Navient Corp @ 6.50%, due 06/15/22	10,300	10,606	B+
Newstar Financial Inc @ 7.25%, due 05/01/20	9,725	10,300	BB-
NRG Energy Inc @ 6.25%, due 05/01/24	10,075	10,400	B+
Penske Automotive Group Inc @ 5.50%, due 05/15/26	9,900	10,337	B+
Quadgraphics Inc @ 7.00%, due 05/01/22	9,737	10,250	B
QVC Inc @ 4.375%, due 03/15/23	9,436	10,387	BB
Sprint Nextel Corp @ 6.00%, due 11/15/22	10,688	10,705	B-
Suburban Propane Partners LP @ 5.875%, due 03/01/27	9,975	9,900	B+
Sunoco LP @ 5.50%, due 08/01/20	10,198	10,300	B+
Targa Resources Partners LP @ 5.25%, due 05/01/23	9,400	10,200	BB-
Teekay Corp @ 8.50%, due 01/15/20	7,789	10,163	CCC+
Tegna Inc @ 6.375%, due 10/15/23	10,492	10,637	BB
Tenet Healthcare Corp @ 4.375%, due 10/01/21	9,724	10,137	BB-
Tri Pointe Group Inc @ 5.25%, due 06/01/27	10,000	10,163	BB-
UAL 05ERJ1 A1 @ 9.798%, due 04/01/21	6,978	6,947	BB-
United Rentals (North America) Inc @ 4.625%, Due 07/15/23	9,920	10,437	BB+
Wesco Distribution Inc @ 5.375%, due 06/15/24	10,475	10,550	B+
Xerium Technologies Inc @ 9.50%, due 08/15/21	10,119	10,350	B
Subtotal - Chartwell	<u>492,873</u>	<u>513,003</u>	
Total Corporate Bonds	<u>1,381,826</u>	<u>1,406,110</u>	
Total Fixed Income Securities	<u>3,381,472</u>	<u>3,418,816</u>	
Total Mutual Funds, Equities and Fixed Income Securities	<u>\$ 8,498,328</u>	<u>\$ 8,965,219</u>	

See Accompanying Independent Auditors' Report.

MARIANAS PUBLIC LAND TRUST

Schedule of Administrative Expenses Compared to Budget
Year Ended September 30, 2017

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Money manager fees	\$ 306,518	\$ 308,109	\$ (1,591)
Money management administration	183,043	183,089	(46)
Consultancy fees	134,649	134,649	-
Salaries and benefits	113,232	117,314	(4,082)
Contract services	66,881	67,000	(119)
Trustees' expenses	55,667	61,195	(5,528)
Office supplies	59,279	57,530	1,749
Depreciation	38,725	38,724	1
Professional fees	38,209	36,283	1,926
Loan administration fee	34,136	34,126	10
Audit	17,716	17,716	-
Rent and utilities	17,968	16,556	1,412
Repairs and maintenance	1,800	1,660	140
Total	<u>\$ 1,067,823</u>	<u>\$ 1,073,951</u>	<u>\$ (6,128)</u>

See Accompanying Independent Auditors' Report.