

*Financial Statements and
Supplementary Information*

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

*Years ended September 30, 2016 and 2015
with Report of Independent Auditors*



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

Financial Statements and
Supplementary Information

Years ended September 30, 2016 and 2015

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Report of Independent Auditors

Management and the Board of Trustees
Marianas Public Land Trust

Report on the Financial Statements

We have audited the accompanying financial statements of the Marianas Public Land Trust (the Trust), a component unit of the Commonwealth of the Northern Mariana Islands, which collectively comprise the statements of net position as of September 30, 2016 and 2015, and the related statements of revenues, expenses and changes in net position, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Marianas Public Land Trust as of September 30, 2016 and 2015, and the changes in its financial position and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

Other Matters

Required Supplementary Information

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

Management has omitted the Schedule of Funding Progress and Actuarial Accrued Liability – Post Employment Benefits Other Than Pension that GASB requires to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by GASB which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

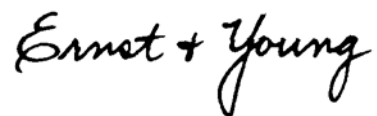
Our audit was conducted for the purpose of forming an opinion on the basis financial statements as a whole. The combining statement of net position, the combining statement of revenues, expenses and changes in net position, the combining statement of cash flows, the schedule of investments - general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

Supplementary Information, continued

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we also have issued our report dated June 8, 2017 on our consideration of the Marianas Public Land Trust's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Marianas Public Land Trust's internal control over financial reporting and compliance.

The logo for Ernst + Young, featuring the company name in a stylized, handwritten-style script.

June 8, 2017



MARIANAS PUBLIC LAND TRUST

COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS

As management of the Marianas Public Land Trust (MPLT), we offer readers of MPLT's financial statements this narrative overview and analysis of the financial activities of MPLT for the year ended September 30, 2016. This Management's Discussion and Analysis should be read in conjunction with the audited financial statements.

Implementing Authority

The origins of MPLT are found in both the Constitution of the Commonwealth of the Northern Mariana Islands and Public Law (P.L.) 94-241, Covenant to Establish a Commonwealth of the Northern Mariana Islands in Political Union with the United States of America. 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.

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."

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

Management's Discussion and Analysis, continued

Implementing Authority, continued

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

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

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

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, was received as follows:

Initial Distributions Received From MPLC

Date	Amount
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>

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Management's Discussion and Analysis, continued

Implementing Authority, continued

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

Initial Distributions Received From MPLC

Date	Amount
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 land by MPLT from MPLC or its successor entities is \$39,796,788.

Financial Highlights

The following financial highlights are taken from the audited financial statements for the years ended September 30, 2016, 2015 and 2014.

- The assets of MPLT increased in 2016 by \$3,738,971 over the amount at 2015. This was due primarily to the principal contribution of \$800,334 and the increase of the fair market value of the investments.

The assets of MPLT increased in 2015 by \$3,056,205 over the amount at 2014. This was due primarily to the principal contribution of \$5,000,000, but this was offset by the declines in the fair market value of the investments.

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

- Total liabilities for 2016 decreased by \$2,547,026 from 2015 due primarily to \$1,599,661 decrease of the amount due to the CNMI General Fund, and \$975,173 decrease in the amount due to brokers, which is a function of security purchases that did not clear by year end.

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

Financial Highlights, continued

- Total liabilities for 2015 increased by \$3,036,414 from 2014 due primarily to \$1,444,964 increase of the amount due to the CNMI General Fund, and \$1,612,713 increase in the amount due to brokers, which is a function of security purchases that did not clear by year end.

Total liabilities for 2014 decreased by \$1,117,955 from 2013 due primarily to a decrease in the amount due to brokers, which is a function of security purchases that did not clear by year end.

- The above changes resulted in an increase of \$6,285,997 in total net position for 2016, \$19,791 in total net position for 2015, and an increase of \$4,828,930 in total net position for 2014.
- 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 2016, 2015, and 2014 was \$7,914,402, \$(1,943,785), and \$5,382,094, respectively.
- The total performance of MPLT for 2016, 2015 and 2014 was 9.09%, (2.27%), and 6.9%, respectively.
- The overall administrative costs increased in 2016, 2015 and 2014 by \$11,245 or 1%, \$79,585 or 9% and \$76,642 or 10%, respectively.

MPLT General Fund Operations

The investment income for 2016, 2015, and 2014, was \$2,222,988, \$2,717,930, and \$1,627,366, respectively.

The distributions to the CNMI General Fund paid for 2016, 2015, and 2014 was \$1,331,248, \$1,862,401, and \$844,111, respectively. The cumulative amount distributed to the CNMI General Fund since inception in 1983 has been \$57,814,340. This has occurred while growing the principal fund by \$38,896,279 for the same time-period. The General Fund's annual return for 2016, 2015 and 2014 was 9.01%, (2.17%), and 6.82%, respectively.

The loan made to the Northern Marianas Housing Corporation (NMHC) became non-performing when NMHC defaulted in 2007 when P. L. 10-29 and 12-27 was repealed per P.L. 15-48. MPLT negotiated a settlement agreement wherein \$2,025,000 was paid and the related loan portfolio was transferred to MPLT. MPLT is currently managing these loans and attempting to recover its \$8.9 million original principal. Due to collection uncertainty for this investment, a write-down of value amounting to \$3,830,000 was recognized by MPLT as of September 30, 2016 (net current value of \$2,863,173).

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

General Fund Condensed Financial Statements Summaries

STATEMENTS OF NET POSITION

<u>Assets</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Current assets	\$ 7,433,597	\$ 8,336,928	\$ 5,352,552
Others assets, restricted	65,792,519	62,157,389	64,560,150
Notes receivable - noncurrent portion	5,785,838	5,461,335	2,416,161
Capital assets	<u>323,752</u>	<u>292,844</u>	<u>286,621</u>
Total	<u>\$ 79,335,706</u>	<u>\$ 76,248,496</u>	<u>\$ 72,615,484</u>

Liabilities and Net Position

Current liabilities	<u>\$ 642,639</u>	<u>\$ 3,259,484</u>	<u>\$ 232,589</u>
Net position:			
Invested in capital assets	323,752	292,844	286,621
Restricted	<u>78,369,315</u>	<u>72,696,168</u>	<u>72,096,274</u>
Net position	<u>78,693,067</u>	<u>72,989,012</u>	<u>72,382,895</u>
Total	<u>\$ 79,335,706</u>	<u>\$ 76,248,496</u>	<u>\$ 72,615,484</u>

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Operating revenues (loss), net	\$ 7,102,709	\$(1,675,955)	\$ 4,675,799
Operating expenses	(867,740)	(855,527)	(783,268)
Non-operating income (expenses)	<u>(530,914)</u>	<u>3,137,599</u>	<u>459,741</u>
Change in net position	5,704,055	606,117	4,352,272
Beginning net position	<u>72,989,012</u>	<u>72,382,895</u>	<u>68,030,623</u>
Ending net position	<u>\$ 78,693,067</u>	<u>\$ 72,989,012</u>	<u>\$ 72,382,895</u>

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

STATEMENTS OF CASH FLOWS

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Cash flows from operating activities	\$(389,930)	\$ 1,472,419	\$ 864,762
Cash flows from noncapital financing activities	800,334	5,000,000	---
Cash flows from capital and related financing activities	(45,888)	(44,125)	1,298,475
Cash flows from investing activities	544,820	(6,621,896)	(2,803,348)
Net increase (decrease) in cash and cash equivalents	909,336	(193,602)	(640,111)
Cash and cash equivalents at beginning of year	1,354,975	1,548,577	2,188,688
Cash and cash equivalents at end of year	<u>\$ 2,264,311</u>	<u>\$ 1,354,975</u>	<u>\$ 1,548,577</u>

Capital Assets

At September 30, 2016, 2015, and 2014, MPLT had \$323,752, \$292,844, and \$286,621, respectively, in capital assets, net of accumulated depreciation where applicable, including furniture, fixtures and equipment, vehicles and land, which represent a net increase in 2016 of \$30,908, 2015 of \$6,223, and a decrease in 2014 of \$36,193. See note 3 to the financial statements for more information on MPLT's capital assets.

Goals and Objectives

It is the intent of MPLT to continue to monitor its investment portfolio to ensure an adequate risk-adjusted rate of return is achieved. This is the phase of the Five-Step Investment Management Process, i.e., analyze, diversify, formalize, implement and monitor; that MPLT is currently performing. This involves periodic rebalancing of the portfolio to comply with its asset allocation investment policy. Occasionally, the Trustees may find it necessary or desirable to add additional asset classes, which require amendment of its Investment Policy Statement. It is MPLT's fiduciary duty to continue to follow the well-established prudent investment management practices.

Marianas Public Land Trust
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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 2016, 2015 and 2014 was 9.74%, (3.12%) and 8.36%, respectively. The Park Fund has not suffered local investment losses as it only invests to benefit the American Memorial Park. As stated previously, the Park Fund received its principal funding from the lease proceeds of a portion of the Tinian, Tanapag Harbor, Farallon de Medinilla land lease revenues. The \$2,000,000 for the Tanapag Harbor in Saipan was dedicated to the formation of the American Memorial Park. The income on this principal contribution can only be used for the maintenance and development of the American Memorial Park (AMP). Accordingly, this initial principal contribution has been prudently managed since 1983 and has grown to \$8,996,333. This has been accomplished while distributing \$6,394,226 for AMP maintenance and development.

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

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

This loan is to be repaid from future income realized on the Park Fund investments. As income is received, the principal portion of the payment will be taken from the income stream and transferred to principal and re-invested. The term of the loan is fifteen years at an annual rate of 6.5%. The monthly principal and interest payment will be about \$17,400, subject to the amount investment income. It is through this mechanism that MPLT has been able to benefit the Park and sustain new development.

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

Park Fund Condensed Financial Statements Summaries

STATEMENTS OF NET POSITION

<u>Assets</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Current assets	\$ 458,700	\$ 387,023	\$ 399,350
Others assets, restricted	8,368,011	7,682,332	8,076,375
Notes receivable - noncurrent portion	<u>267,029</u>	<u>381,014</u>	<u>533,343</u>
Total	<u>\$ 9,093,740</u>	<u>\$ 8,450,369</u>	<u>\$ 9,009,068</u>

Liabilities and Net Position

Current liabilities	<u>\$ 97,407</u>	<u>\$ 35,978</u>	<u>\$ 8,351</u>
Net position:			
Restricted principal	8,996,333	8,414,391	9,000,717
Restricted income	<u>---</u>	<u>---</u>	<u>---</u>
Net position	<u>8,996,333</u>	<u>8,414,391</u>	<u>9,000,717</u>
Total	<u>\$ 9,093,740</u>	<u>\$ 8,450,369</u>	<u>\$ 9,009,068</u>

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Operating revenues	\$ 811,693	\$(267,830)	\$ 706,295
Operating expenses	(92,584)	(93,552)	(86,226)
Non-operating expenses, net	<u>(137,167)</u>	<u>(224,944)</u>	<u>(143,411)</u>
Change in net position	581,942	(586,326)	476,658
Beginning net position	<u>8,414,391</u>	<u>9,000,717</u>	<u>8,524,059</u>
Ending net position	<u>\$ 8,996,333</u>	<u>\$ 8,414,391</u>	<u>\$ 9,000,717</u>

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

STATEMENTS OF CASH FLOWS

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Cash flows from operating activities	\$ 109,043	\$ 209,725	\$ 71,044
Cash flows from noncapital financing activities	---	---	---
Cash flows from investing activities	<u>(103,737)</u>	<u>(192,286)</u>	<u>(203,105)</u>
Net increase (decrease) in cash and cash equivalents	5,306	17,439	(132,061)
Cash and cash equivalents at beginning of year	<u>169,892</u>	<u>152,453</u>	<u>284,514</u>
Cash and cash equivalents at end of year	<u>\$ 175,198</u>	<u>\$ 169,892</u>	<u>\$ 152,453</u>

Goals and Objectives

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

Economic Outlook

MPLT suffered in 2008 its largest loss of principal since 2002. This was due to the World-wide credit collapse and resulting recession. 2009 began a recovery of investment values and fortunately, due to our investment discipline, MPLT has recovered from the 2008 losses. 2016 has built on this recover and MPLT was able to add value to the portfolio. The outlook for 2017 appears strong as the markets have been setting new records, but interest rates are increasing, which will lower fixed-income values. The Trust has a long term time horizon. Accordingly, the Trust is continuously reviewing options to its current investment allocation in order to manage its risk-adjusted yields. The Trust may make changes to its asset allocation, but the basic investment approach will remain the same.

Contacting the MPLT's Financial Management

This report is designed to provide the branches of the Commonwealth Government and the public at large with a general overview of MPLT's finances and to show MPLT's accountability for the money it manages. The Management's Discussion and Analysis for the year ended September 30, 2016 is set forth in the report on the audit of MPLT's financial statements, which is dated June 8, 2017. The Discussion and Analysis explains the major factors impacting the 2016 financial statements. If you have questions about this report or the 2015 or 2014 reports or need additional financial information, contact the MPLT office, P.O. Box 501089, Saipan, MP 96950 or phone at (670) 322-4401 or email mplt@mplt.gov.mp.

Marianas Public Land Trust
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Statements of Net Position

	September 30,	
	2016	2015
Assets		
Current assets:		
Cash and cash equivalents	\$ 2,439,509	\$ 1,524,867
Receivables:		
Notes receivable, current portion	4,570,551	5,167,172
Accrued income	216,843	342,500
Others	7,676	20,440
Due from brokers	637,540	1,640,033
Prepaid expenses	5,635	6,006
Total current assets	7,877,754	8,701,018
Noncurrent assets:		
Notes receivable, net of current portion and allowance for loan losses	6,052,867	5,842,349
Investments	73,973,130	69,208,721
Foreclosed properties	187,400	631,000
Capital assets, net	323,752	292,844
Total noncurrent assets	80,537,149	75,974,914
Total assets	\$ 88,414,903	\$ 84,675,932
Liabilities and net position		
Current liabilities:		
Accounts payable	\$ 66,076	\$ 1,653,009
Due to brokers	637,540	1,612,713
Accrued expenses	21,887	6,807
Total liabilities	725,503	3,272,529
Net position:		
Invested in capital assets	323,752	292,844
Restricted	87,365,648	81,110,559
Total net position	87,689,400	81,403,403
Total liabilities and net position	\$ 88,414,903	\$ 84,675,932

See accompanying notes

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

Statements of Revenues, Expenses and Changes in Net Position

	Year ended September 30,	
	<u>2016</u>	<u>2015</u>
Operating revenues:		
Net increase (decrease) in the fair value of investments	\$ 4,895,822	\$(4,982,342)
Investment income, net	1,786,248	2,450,467
Interest income:		
Notes receivable	641,884	580,136
Other	<u>629</u>	<u>2,155</u>
	7,324,583	(1,949,584)
Loss through foreclosure of assets	(443,600)	(9,000)
Reversal of provision for doubtful accounts	1,009,441	11,113
Other income	<u>23,978</u>	<u>3,686</u>
Total operating revenues (loss)	<u>7,914,402</u>	<u>(1,943,785)</u>
Operating expenses:		
Money manager fees	277,272	266,862
Money management administration	142,909	138,054
Salaries and benefits	130,272	133,153
Consultancy fees	124,344	129,583
Contract service	69,916	72,678
Office supplies	63,965	57,544
Depreciation and amortization	38,980	37,902
Loan administration fee	33,449	33,777
Professional fees	32,706	39,340
Trustees' expenses	17,294	6,921
Audit	17,179	16,642
Rent and utilities	10,953	10,785
Repairs and maintenance	<u>1,085</u>	<u>5,838</u>
Total operating expenses	<u>960,324</u>	<u>949,079</u>
Operating income (loss)	<u>6,954,078</u>	<u>(2,892,864)</u>
Non-operating revenues (expenses):		
Contribution from DPL	800,334	5,000,000
Net distribution to the CNMI General Fund/American Memorial Park	<u>(1,468,415)</u>	<u>(2,087,345)</u>
Total non-operating (expenses) revenues, net	<u>(668,081)</u>	<u>2,912,655</u>
Increase in net position	6,285,997	19,791
Net position at beginning of year	<u>81,403,403</u>	<u>81,383,612</u>
Net position at end of year	<u>\$ 87,689,400</u>	<u>\$ 81,403,403</u>

See accompanying notes

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

Statements of Cash Flows

	Year ended September 30,	
	<u>2016</u>	<u>2015</u>
Cash flows from operating activities:		
Cash received from operations	\$ 612,278	\$ 3,118,988
Cash payments to suppliers	(<u>893,165</u>)	(<u>1,436,844</u>)
Net cash (used in) provided by operating activities	(<u>280,887</u>)	<u>1,682,144</u>
Cash flows from noncapital financing activity:		
Cash received from DPL	<u>800,334</u>	<u>5,000,000</u>
Cash flows from capital and related financing activities:		
Disposal of property and equipment	98	---
Acquisition of property and equipment	(<u>45,986</u>)	(<u>44,125</u>)
Net cash used in capital financing activities	(<u>45,888</u>)	(<u>44,125</u>)
Cash flows from investing activities:		
Net decrease (increase) in notes receivable	309,670	(<u>4,619,644</u>)
Net decrease (increase) in investments	<u>131,413</u>	(<u>2,194,538</u>)
Cash provided by (used in) investing activities	<u>441,083</u>	(<u>6,814,182</u>)
Net increase (decrease) in cash and cash equivalents	914,642	(<u>176,163</u>)
Cash and cash equivalents at beginning of year	<u>1,524,867</u>	<u>1,701,030</u>
Cash and cash equivalents at end of year	<u>\$ 2,439,509</u>	<u>\$ 1,524,867</u>
Reconciliation of operating income (loss) to net cash (used in) provided by operating activities:		
Operating income (loss)	\$ 6,954,078	\$(<u>2,892,864</u>)
Adjustments to reconcile operating income (loss) to net cash (used in) provided by operating activities:		
Net (increase) decrease in fair value of investments	(<u>4,895,822</u>)	4,982,342
Net increase in fair value of land	(<u>24,000</u>)	---
Depreciation and amortization	38,980	37,902
Loss through foreclosure of assets	443,600	9,000
Recovery of notes receivable	(<u>1,009,441</u>)	(<u>11,113</u>)
(Increase) decrease in assets:		
Receivable-accrued income	(<u>256,884</u>)	(<u>323,253</u>)
Other receivable	12,764	4,362
Due from brokers	1,002,493	(<u>1,558,533</u>)
Prepaid expenses	371	(<u>2,452</u>)
(Decrease) increase in liabilities:		
Accounts payable	(<u>1,586,933</u>)	(<u>174,059</u>)
Due to brokers	(<u>975,173</u>)	1,612,713
Accrued expenses	<u>15,080</u>	(<u>1,901</u>)
Net cash (used in) provided by operating activities	\$(<u>280,887</u>)	<u>\$ 1,682,144</u>

See accompanying notes.

Marianas Public Land Trust
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Statements of Cash Flows, continued

Supplemental schedule of noncash operating, financing and investing activities:

MPLT applied \$1,331,248 and \$262,740 of the required income distribution to the CNMI General Fund for the years ended September 30, 2016 and 2015, respectively, as a repayment of the CNMI's note receivable and related interest.

	Year ended September 30,	
	<u>2016</u>	<u>2015</u>
Decrease in notes receivable	\$(980,289)	\$ ---
Decrease in accrued interest receivable	(350,959)	(262,740)
Increase in net distribution	1,331,248	1,862,401
Increase in accounts payable	<u>---</u>	<u>(1,599,661)</u>
	\$ <u>---</u>	\$ <u>---</u>

MPLT applied \$137,167 and \$224,944 of the required income distribution of the American Memorial Park Fund for the years ended September 30, 2016 and 2015, respectively, as a repayment of Commonwealth Development Authority's note receivable and related interest.

Decrease in notes receivable	\$(105,586)	\$(140,429)
Decrease in accrued interest receivable	(31,581)	(84,515)
Increase in net distribution	<u>137,167</u>	<u>224,944</u>
	\$ <u>---</u>	\$ <u>---</u>

Marianas Public Land Trust
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Notes to Financial Statements

For the years ended September 30, 2016 and 2015

1. Organization and Summary of Significant Accounting Policies

Organization

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

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

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

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

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

Basis of Accounting

MPLT utilizes the flow of economic resources measurement focus. Its financial statements are prepared in accordance with accounting principles generally accepted in the United States as applied to governmental units using the accrual basis of accounting. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Marianas Public Land Trust
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Notes to Financial Statements, continued

1. Organization and Summary of Significant Accounting Policies, continued

Net Position

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

Net investment in capital assets

Capital assets, net of accumulated depreciation.

Restricted

Nonexpendable – Net position subject to externally imposed stipulations that require MPLT to maintain them permanently.

Expendable – Net position whose use by MPLT is subject to externally imposed stipulations that can be fulfilled by actions of MPLT pursuant to those stipulations or that expire with the passage of time.

All of MPLT's restricted net position at September 30, 2016 and 2015 are expendable.

Unrestricted

The unrestricted component of net position is the net amount of the assets and liabilities that are not included in the determination of net investment in capital assets or the restricted components of net position. MPLT does not have unrestricted net position at September 30, 2016 and 2015.

Cash and Cash Equivalents

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

At September 30, 2016 and 2015, cash and cash equivalents consisted of the following:

	<u>2016</u>	<u>2015</u>
Custodian money market sweep deposits	\$1,728,042	\$1,413,533
Deposits with federally insured banks	708,235	107,830
Uninsured deposits	<u>3,232</u>	<u>3,504</u>
	<u>\$2,439,509</u>	<u>\$1,524,867</u>

Marianas Public Land Trust
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Notes to Financial Statements, continued

1. Organization and Summary of Significant Accounting Policies, continued

Cash and Cash Equivalents, continued

As of September 30, 2016 and 2015, custodian money market sweep deposits are held and administered by an investment manager subject to Securities Investor Protection Corporation (SIPC) insurance up to \$250,000 with coverage in excess of SIPC provided by a supplemental insurance policy through certain underwriters with a per client aggregate limit of \$1.9 million.

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

MPLT maintains its cash and investments in bank accounts which exceed federal depository insurance limits. At September 30, 2016 and 2015, \$250,000 of MPLT's deposits in each bank is covered by federal depository insurance, with the remainder being uninsured and uncollateralized.

Investments

Investments are recorded at fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale and are primarily determined based on quoted market values.

Foreclosed and Repossessed Assets

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

Capital Assets

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

Operating and Non-Operating Revenue and Expenses

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

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

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

Notes to Financial Statements, continued

1. Organization and Summary of Significant Accounting Policies, continued

Notes Receivable and Allowance for Loan Losses

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

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

Interest income on loans is recorded based on collection while interest income on other notes receivable is accrued based on the unpaid principal balance.

Defined Contribution Plan (DC Plan)

On June 16, 2006, Public Law No. 15-13 was enacted which created the DC Plan, a multi-employer pension plan and is the single retirement program for all employees whose first time CNMI government employment commences on or after January 1, 2007. Each member of the DC Plan is required to contribute to the member's individual account an amount equal to 10% of member's compensation. MPLT is required to contribute to each member's individual account an amount equal to 4% of the member's compensation. MPLT's recorded DC contributions for the years ended September 30, 2016, 2015 and 2014 were \$4,523, \$4,675, and \$3,922, respectively, equal to the required contributions for each year.

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

GASB Statement No. 45 requires employers to record other postemployment benefits (OPEB) expense for their contractually required contributions to the OPEB plan. MPLT has complied with GASB 45 by recording OPEB expense based on the statutory determined contribution rate of the Northern Mariana Islands Retirement Fund (the Fund). MPLT's OPEB liability is incorporated into the contribution amount. It is the understanding of the management of MPLT that the statutory determined contribution rate of the Fund incorporated both the pension liability and the OPEB liability.

Marianas Public Land Trust
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Notes to Financial Statements, continued

1. Organization and Summary of Significant Accounting Policies, continued

Defined Contribution Plan (DC Plan), continued

GASB 45 also requires detail disclosure of information related to the OPEB plan and MPLT management was unable to obtain this information from the Fund's financial report. MPLT management is unable to obtain the required disclosures and is of the opinion that such information must be obtained from the Fund. It is the position of the management of MPLT that the Fund is solely responsible for disclosure of OPEB information.

On August 30, 2012, Public Law 17-79 was enacted to amend Title I of the Commonwealth Code to include the intent of the CNMI to participate in the retirement insurance system established by Title II of the U.S. Federal Insurance Contributions Act (FICA) and for participation to be extended to elected officials, employees, political subdivisions and instrumentalities of the CNMI. On September 11, 2012, Public Law 17-82 *CNMI Pension Reform Recovery Act of 2012* was enacted. Unless specifically exempted or authorized by federal law, Public Law 17-82 provides for mandatory membership of CNMI Government employees and elected officials in the U.S. Social Security system and authorizes employees, who elect to, to buy quarters of service in the U.S. Social Security system from contributions made to the Defined Benefit plan (DB Plan). In addition, Public Law 17-82 provides active and inactive DB Plan members the option to voluntarily terminate membership in the DB Plan, withdraw or roll over contributions to the DC Plan and to participate in the U.S. Social Security system without termination of employment or penalty. Further, Public Law 17-82 allows the CNMI Government to continue remitting its 4% employer contribution to the DC Plan unless the employee ceases to contribute its employee share. On March 11, 2013, Public Law 18-02 was enacted to amend Title 1, Division 8, Part 3 of Public Law 17-82 to clarify that the option to voluntarily terminate membership in the DB Plan, withdraw or roll over contributions to the DC Plan and to participate in the U.S. Social Security system without termination of employment or penalty is open to active or inactive DB Plan members who are not retired from the government.

Recently Adopted Accounting Pronouncement

As of October 1, 2015, MPLT implemented the following GASB pronouncements:

In February 2015, GASB issued Statement No. 72, *Fair Value Measurement and Application*. This Statement establishes accounting and financial reporting standards for fair value measurements, the level of fair value hierarchy, and valuation techniques.

In June 2015, GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. This Statement supersedes Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*.

Marianas Public Land Trust
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Notes to Financial Statements, continued

1. Organization and Summary of Significant Accounting Policies, continued

Upcoming Accounting Pronouncements

In June 2015, GASB issued 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*. This Statement establishes accounting and financial reporting standards for pensions that do not meet the requirements set forth in Statement No. 67, *Financial Reporting for Pension Plans* and Statement No. 68, *Accounting and Financial Reporting for Pensions*, and makes some modifications to GASB Statements No. 67 and 68. The requirements of this Statement that address accounting and financial reporting by employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68 are effective for financial statements for fiscal years beginning after June 15, 2016, and the requirements of this Statement that address financial reporting for assets accumulated for purposes of providing those pensions are effective for fiscal years beginning after June 15, 2015. The requirements of this Statement for pension plans that are within the scope of Statement 67 or for pensions that are within scope of Statement 68 are effective for fiscal years beginning after June 15, 2015. GASB Statement No. 73 will become effective for MPLT for fiscal year ending September 30, 2017.

In June 2015, GASB issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, effective for periods beginning after June 15, 2016. This Statement replaces Statement 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*. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, as amended, Statement 43, and Statement No. 50, *Pension Disclosures*. GASB Statement No. 74 will be effective for MPLT for fiscal year ending September 30, 2017.

In June 2015, GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, effective for periods beginning after June 15, 2017. This Statement replaces the requirement 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*, for OPEB. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans. GASB Statement No. 75 will be effective for MPLT for fiscal year ending September 30, 2018.

In August 2015, GASB issued Statement No. 77, *Tax Abatement Disclosures*. This Statement requires governments that enter into tax abatement agreements to disclose information about those agreements. GASB Statement No. 77 will be effective for MPLT for fiscal year ending September 30, 2017.

Marianas Public Land Trust
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Notes to Financial Statements, continued

1. Organization and Summary of Significant Accounting Policies, continued

Upcoming Accounting Pronouncements, continued

In December 2015, GASB issued Statement No. 78, *Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans*. The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions. GASB Statement No. 78 will be effective for MPLT for fiscal year ending September 30, 2017.

In December 2015, GASB issued Statement No. 79, *Certain External Investment Pools and Pool Participants*. This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. GASB Statement No. 79 will be effective for MPLT for fiscal year ending September 30, 2017.

In January 2016, GASB issued Statement No. 80, *Blending Requirements for Certain Component Units*. The Statement is intended to provide clarity about how certain component units incorporated as not-for-profit corporations should be presented in the financial statements of the primary state or local government. GASB Statement No. 80 will be effective for MPLT for fiscal year ending September 30, 2017.

In March 2016, GASB issued Statement No. 81, *Irrevocable Split-Interest Agreements*. This Statement is to improve 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. GASB Statement No. 81 will be effective for MPLT for fiscal year ending September 30, 2018.

In March 2016, GASB issued Statement No. 82, *Pension Issues*. This Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and 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*. Specifically, this Statement 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. GASB Statement No. 82 will be effective for MPLT for fiscal year ending September 30, 2018.

Marianas Public Land Trust
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Notes to Financial Statements, continued

1. Organization and Summary of Significant Accounting Policies, continued

Upcoming Accounting Pronouncements, continued

In November 2016, GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. This Statement addresses accounting and financial reporting for certain asset retirement obligations. GASB Statement No. 83 will be effective for MPLT for fiscal year ending September 30, 2019.

In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. GASB Statement No. 84 will be effective for MPLT for fiscal year ending September 30, 2020.

In March 2017, GASB issued Statement No. 85, *Omnibus 2017*. The objective of this statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits. GASB Statement No. 85 will be effective for MPLT for fiscal year ending September 30, 2018.

MPLT is currently evaluating whether or not the above listed new GASB pronouncements will have a significant impact on its financial statements.

2. Investments

MPLT values its investments at fair value in accordance with GASB Statement 72. MPLT's investments as of September 30, 2016 and 2015 (with combining information as of September 30, 2016) are as follows:

	<u>General Fund</u>	<u>Park Fund</u>	<u>2016</u>	<u>2015</u>
Mutual Funds	\$ 7,120,255	\$ 837,472	\$ 7,957,727	\$ 7,152,926
Equities:				
Domestic common stock	30,859,864	3,686,510	34,546,374	27,893,686
International common stock	3,696,999	438,316	4,135,315	2,569,704
Fixed income securities:				
Asset and mortgage backed securities	12,635,883	1,801,096	14,436,979	12,279,779
Government bonds	4,129,925	588,433	4,718,358	11,698,921
Corporate bonds	<u>7,162,193</u>	<u>1,016,184</u>	<u>8,178,377</u>	<u>7,613,705</u>
	<u>\$65,605,119</u>	<u>\$8,368,011</u>	<u>\$73,973,130</u>	<u>\$69,208,721</u>

Marianas Public Land Trust
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Notes to Financial Statements, continued

2. Investments, continued

Investments Measured at Fair Value

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.

The following tables set forth by fair value hierarchy level of MPLT's assets carried at fair value:

		At September 30, 2016		
		Level 1	Level 2	Level 3
Mutual fund:				
Templeton Global Bond	\$ 7,957,727	\$ 7,957,727	\$ ---	\$ ---
Debt securities:				
Corporate Bonds	8,178,377	---	8,178,377	---
Federal Farm Credit Banks Funding Corporation (FFCBFC)	5,300,470	---	5,300,470	---
U.S. Treasury securities	4,718,358	4,718,358	---	---
Federal National Mortgage Association (FNMA)	4,437,911	---	4,437,911	---
Federal Home Loan Banks (FHLB)	3,380,899	---	3,380,899	---
Federal Home Loan Mortgage Corporation (FHLMC)	<u>1,317,699</u>	<u>---</u>	<u>1,317,699</u>	<u>---</u>
Total debt securities	<u>27,333,714</u>	<u>4,718,358</u>	<u>22,615,356</u>	<u>---</u>
Equity securities:				
Domestic common stock	34,546,374	34,546,374	---	---
International common stock	<u>4,135,315</u>	<u>4,135,315</u>	<u>---</u>	<u>---</u>
Total equity securities	<u>38,681,689</u>	<u>38,681,689</u>	<u>---</u>	<u>---</u>
Total investments	<u>\$73,973,130</u>	<u>\$51,357,774</u>	<u>\$22,615,356</u>	<u>\$ ---</u>

Marianas Public Land Trust
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Notes to Financial Statements, continued

2. Investments, continued

		At September 30, 2015		
		Level 1	Level 2	Level 3
Mutual fund:				
Templeton Global Bond	\$7,152,926	\$7,152,926	\$ ---	\$ ---
Debt securities:				
U.S. Treasury securities	11,698,921	\$11,698,921	---	---
Corporate Bonds	7,613,705	---	7,613,705	---
FNMA	5,745,049	---	5,745,049	---
FHLB	3,474,609	---	3,474,609	---
FFCBFC	1,723,982	---	1,723,982	---
FHLMC	1,321,124	---	1,321,124	---
LB-UBS Commercial Mortgage Trust (LBUCMT)	<u>15,015</u>	<u>---</u>	<u>15,015</u>	<u>---</u>
Total debt securities	<u>31,592,405</u>	<u>11,698,921</u>	<u>19,893,484</u>	<u>---</u>
Equity securities:				
Domestic common stock	27,893,686	27,893,686	---	---
International common stock	<u>2,569,704</u>	<u>2,569,704</u>	<u>---</u>	<u>---</u>
Total equity securities	<u>30,463,390</u>	<u>30,463,390</u>	<u>---</u>	<u>---</u>
Total investments	<u>\$69,208,721</u>	<u>\$49,315,237</u>	<u>\$19,893,484</u>	<u>\$ ---</u>

Marianas Public Land Trust
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Notes to Financial Statements, continued

2. Investments, continued

MPLT's credit quality distribution for debt securities at September 30, 2016 and 2015 is as follows:

	<u>At September 30, 2016</u>			<u>At September 30, 2015</u>	
	Standard & Poor's Credit Rating	Amount		Standard & Poor's Credit Rating	Amount
FFCBFC	AA+	\$5,300,470	LBUCMT	AAA	\$ 15,015
FHLB	AA+	3,380,899	FFCBFC	AA+	1,723,982
FHLMC	AA+	1,317,699	FNMA	AA+	5,745,049
FNMA	AA+	4,437,911	FHLMC	AA+	1,321,124
Corporate bonds	As	1,216,320	FHLB	AA+	1,833,231
Corporate bonds	BBBs	2,819,229	FHLB	A	1,641,378
Corporate bonds	BBs	2,842,186	Corporate bonds	AAs	783,323
Corporate bonds	Bs	1,221,614	Corporate bonds	As	2,915,892
Corporate bonds	CCC	79,028	Corporate bonds	BBBs	481,921
			Corporate bonds	BBs	1,685,083
			Corporate bonds	Bs	1,412,611
			Corporate bonds	CCC	334,875

Marianas Public Land Trust
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Notes to Financial Statements, continued

2. Investments, continued

At September 30, 2016 and 2015, MPLT had the following investments and maturities:

Investment Type	At September 30, 2016				
	Total	Less Than 1	1 – 5	6 – 10	More than 10
Debt Securities					
Corporate bonds	\$ 8,178,377	\$ 126,249	\$ 3,597,832	\$4,422,902	\$ 31,394
FFCBFC	5,300,470	---	5,300,470	---	---
U.S. Treasury securities	4,718,358	---	---	---	4,718,358
FNMA	4,437,911	2,085,667	1,362,076	53,117	937,051
FHLB	3,380,899	2,233,727	1,147,172	---	---
FHLMC	<u>1,317,699</u>	<u>---</u>	<u>770,809</u>	<u>546,890</u>	<u>---</u>
	<u>27,333,714</u>	<u>\$4,445,643</u>	<u>\$12,178,359</u>	<u>\$5,022,909</u>	<u>\$5,686,803</u>

Other Securities

Domestic common stock	34,546,374
Templeton Global Bond mutual fund	7,957,727
International common stock	<u>4,135,315</u>
	<u>\$73,973,130</u>

Investment Type	At September 30, 2015				
	Total	Less Than 1	1 – 5	6 – 10	More than 10
Debt Securities					
U.S. Treasury securities	\$11,698,921	\$ ---	\$ 4,454,448	\$ ---	\$7,244,473
Corporate bonds	7,613,705	---	869,814	6,715,918	27,973
FNMA	5,745,049	260,256	4,167,015	539,601	778,177
FHLB	3,474,609	1,641,378	1,833,231	---	---
FFCBFC	1,723,982	---	1,723,982	---	---
FHLMC	1,321,124	---	---	549,063	772,061
LBUCMT	<u>15,015</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>15,015</u>
	<u>31,592,405</u>	<u>\$1,901,634</u>	<u>\$13,048,490</u>	<u>\$7,804,582</u>	<u>\$8,837,699</u>

Other Securities

Domestic common stock	27,893,686
Templeton Global Bond mutual fund	7,152,926
International common stock	<u>2,569,704</u>
	<u>\$69,208,721</u>

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

Notes to Financial Statements, continued

2. Investments, continued

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

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

Concentration of credit risk for investments is the risk of loss attributed to the magnitude of an entity's investment in a single issuer. GASB Statement No. 40 requires disclosure by issuer and amount of investments in any one issuer that represents five percent (5%) or more of total investments for MPLT. As of September 30, 2016, MPLT's investment in U.S. agency obligations of FFCBFC and FNMA constituted 7% and 6%, respectively, of its total investments. As of September 30, 2015, MPLT's investment in U.S. agency obligations of the FNMA and FHLB constituted 8% and 5%, respectively, of its total investments.

The U.S. Treasury Securities are low risk investments as they are guaranteed by the full faith and credit of the U.S. government. While U.S. government – sponsored enterprises are not guaranteed, they are backed by the U.S. government and are recognized as low risk investments as well.

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 investments or collateral securities that are in the possession of an outside party.

3. Capital Assets

A summary of capital assets as of September 30, 2016 and 2015 is as follows:

	Useful Lives	Balance at October 1, 2015	Additions	Deletions	Impairment	Balance September 30, 2016
Land	---	\$ 116,000	\$ 24,650	\$ ---	\$ ---	\$ 140,650
Building	5-10 years	194,592	---	---	---	194,592
Furniture, fixtures, equipment	3-10 years	166,130	1,778	2,914	---	164,994
Vehicle	3-10 years	46,225	33,094	---	---	79,319
Construction in progress	---	---	10,464	---	---	10,464
		522,947	69,986	2,914	---	590,019
Less accumulated depreciation		230,103	38,980	2,816	---	266,267
		<u>\$ 292,844</u>	<u>\$ 31,006</u>	<u>\$ 98</u>	<u>\$ ---</u>	<u>\$ 323,752</u>

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

Notes to Financial Statements, continued

3. Capital Assets, continued

	Useful Lives	Balance at October 1, 2014	Additions	Deletions	Impairment	Balance September 30, 2015
Land	---	\$ 116,000	\$ ---	\$ ---	\$ ---	\$ 116,000
Building	5-10 years	193,167	1,425	---	---	194,592
Furniture, fixtures, equipment	3-10 years	123,430	42,700	---	---	166,130
Vehicle	3-10 years	<u>46,225</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>46,225</u>
		478,822	44,125	---	---	522,947
Less accumulated depreciation		<u>192,201</u>	<u>37,902</u>	<u>---</u>	<u>---</u>	<u>230,103</u>
		<u>\$ 286,621</u>	<u>\$ 6,223</u>	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ 292,844</u>

4. Notes Receivable

At September 30, 2016 and 2015, notes receivable consist of the following:

	<u>2016</u>	<u>2015</u>
Notes receivable (Home Loan Program) from various individuals obtained through a settlement agreement with the Northern Marianas Housing Corporation (NMHC) dated December 31, 2007, with interest at 2% (5.5% to 8.5% prior to January 1, 2009) and terms from ten to thirty years	\$6,693,173	\$ 7,284,607
Note receivable from Adelantun Publickun Luta Enteramente, Incorporated (APLE 501, Inc.), with interest at 5% per annum, due on October 18, 2017, with monthly principal and interest payments in the amount of \$1,225, and collateralized by a loan portfolio. Proceeds were used to fund an independently administered individual or parent-student loan program. MPLT has ceased future loan commitments and disbursements to APLE 501, Inc.	80,433	90,155
Note receivable from the Commonwealth Development Authority (CDA), with interest at 6.5% per annum, due on June 1, 2018, collateralized by future distributable net income for the maintenance and development of the American Memorial Park and is to be repaid from earnings of the investments pursuant to CNMI Public Law 11-72	449,329	554,914

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

Notes to Financial Statements, continued

4. Notes Receivable, continued

	<u>2016</u>	<u>2015</u>
Note receivable from the CNMI Government, with interest at 7% per annum, due on December 28, 2019. Public Law 18-71 earmarks and appropriates from future interest income distribution starting fiscal year 2016 until the note is fully reimbursed. Interest is due annually	4,019,711	5,000,000
Note receivable from the Commonwealth Healthcare Corporation (CHCC), with interest at 5% per annum, due on March 12, 2017. Collateralized by future distributable income of fiscal year 2016 and CHCC's real properties for CHCC's operational and bridge capital pursuant to CNMI Public Law 17-76	2,850,000	3,000,000
Note receivable from Tinian Municipality, with interest at 5% per annum, due on September 30, 2018	<u>441,205</u>	<u>---</u>
	14,533,851	15,929,676
Less allowance for loan losses	<u>3,910,433</u>	<u>4,920,155</u>
	10,623,418	11,009,521
Less current portion	<u>4,570,551</u>	<u>5,167,172</u>
	<u>\$ 6,052,867</u>	<u>\$ 5,842,349</u>

An analysis of the change in the allowance for loan losses for the years ended September 30, 2016 and 2015 follows:

	<u>2016</u>	<u>2015</u>
Balance at beginning of the year	\$ 4,920,155	\$4,931,289
Reversal of provision for doubtful accounts	<u>(1,009,722)</u>	<u>(11,134)</u>
Balance at end of the year	<u>\$ 3,910,433</u>	<u>\$4,920,155</u>

Marianas Public Land Trust
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Notes to Financial Statements, continued

4. Notes Receivable, continued

The following presents the balance in the allowance for loan losses disaggregated on the basis of MPLT's impairment measurement method and the related recorded investment in loans as of September 30, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
<u>Related Investment</u>		
Individually evaluated for impairment	\$ 7,840,678	\$ 8,645,069
Collectively evaluated for impairment	<u>6,693,173</u>	<u>7,284,607</u>
	<u>\$ 14,533,851</u>	<u>\$ 15,929,676</u>
<u>Related Allowance</u>		
Individually evaluated for impairment	\$(80,433)	\$(90,155)
Collectively evaluated for impairment	<u>(3,830,000)</u>	<u>(4,830,000)</u>
	<u>\$(3,910,433)</u>	<u>\$(4,920,155)</u>

Credit Quality Indicators

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

	<u>2016</u>
Current	\$ 10,563,023
1 - 30 days	414,494
31 - 60 days	439,770
61 - 90 days	---
91 - 120 days	168,528
More than 120 days	<u>2,948,036</u>
	<u>\$ 14,533,851</u>

Modifications

A modification of a loan constitutes a Troubled Debt Restructuring (TDR) when MPLT for economic or legal reasons related to a borrower's financial difficulties grants a concession to the borrower that it would not otherwise consider. MPLT offers various types of concessions when modifying a loan. Loans modified in a TDR involve reduction in regular monthly principal and interest payments and maturity term extensions to accommodate the borrower's financial needs for a period of time. As of September 30, 2016 and 2015 loans that had been modified in a TDR totaled \$309,540 which was all modified during the year ended September 30, 2013.

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

Notes to Financial Statements, continued

5. Net Position

In accordance with MPLT's accounting policies, gains and losses on investments are allocated to principal. In addition, a portion of contribution from the CNMI government is specifically designated as an increase in principal. Movement in principal and interest accounts for the years ended September 30, 2016 and 2015 is summarized as follows:

	<u>Principal</u>	<u>Interest</u>	<u>2016</u>	<u>2015</u>
General Fund				
Balance at beginning of year	\$72,989,012	\$ ---	\$72,989,012	\$72,382,895
Net increase (decrease) in the fair value of investments	4,313,880	---	4,313,880	(4,396,013)
Other operating net income	589,841	1,331,248	1,921,089	1,864,531
Contribution (distribution)	<u>800,334</u>	<u>(1,331,248)</u>	<u>(530,914)</u>	<u>3,137,599</u>
Balance at end of year	<u>\$78,693,067</u>	<u>\$ ---</u>	<u>\$78,693,067</u>	<u>\$72,989,012</u>
	<u>Principal</u>	<u>Interest</u>	<u>2016</u>	<u>2015</u>
Park Fund				
Balance at beginning of year	\$ 8,414,391	\$ ---	\$ 8,414,391	\$ 9,000,717
Net increase (decrease) in the fair value of investments	581,942	---	581,942	(586,329)
Other operating net income	---	137,167	137,167	224,947
Distribution	<u>---</u>	<u>(137,167)</u>	<u>(137,167)</u>	<u>(224,944)</u>
Balance at end of year	<u>\$ 8,996,333</u>	<u>\$ ---</u>	<u>\$ 8,996,333</u>	<u>\$ 8,414,391</u>

6. Contributions To/From CNMI Government

In accordance with Article XI of the Constitution of the CNMI, MPLT makes operating distributions to the CNMI general fund from investment income. During the years ended September 30, 2016 and 2015, MPLT recorded \$1,331,248 and \$1,862,401, respectively, of distributions to the CNMI general fund, of which \$980,289 and nil, respectively, was offset against a note receivable from the CNMI Government and \$350,959 and \$262,740 was used as offset against interest income receivable from the CNMI general fund. In addition, in accordance with Section 5 of Article XI, the CNMI Department of Public Lands contributed \$800,334 and \$5,000,000 to MPLT during the years ended September 30, 2016 and 2015, respectively.

In accordance with Article VIII, Section 803(e) of the Covenant, MPLT makes operating distributions for the development and maintenance of the American Memorial Park. During the years ended September 30, 2016 and 2015, MPLT recorded \$137,167 and \$224,944, respectively, for distributions for this purpose.

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

Notes to Financial Statements, continued

7. Risk Management

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

8. Related Parties

One trustee of MPLT had a home loan outstanding of \$55,930 as of September 30, 2015 which was fully paid off in 2016. The legal counsel of MPLT has a home loan outstanding of \$29,567 and \$38,698 as of September 30, 2016 and 2015, respectively. The home loans were obtained from NMHC in the ordinary course of business and are classified as notes receivable in the accompanying financial statements. All of these loans predate the assumption of the portfolio by MPLT from NMHC.

As of September 30, 2016 and 2015, MPLT has receivables from its trustees and employees totaling \$7,676 and \$20,440, respectively, for cash and travel advances.

9. Commitment

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

10. Contingency

In accordance with the Settlement Agreement with NMHC, MPLT guarantees Service Released Loans that were issued by financial institutions. At September 30, 2016 and 2015, MPLT was contingently liable to these institutions for \$726,411 and \$778,483, respectively. MPLT records liabilities upon receipt of default notices from NMHC.

Supplementary Information

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

Combining Statement of Net Position

September 30, 2016

	General Fund	Park Fund	Eliminations	Total
Assets				
Current assets:				
Cash and cash equivalents	\$ 2,264,311	\$ 175,198	\$ -	\$ 2,439,509
Receivables:				
Notes receivable, current portion	4,388,251	182,300	-	4,570,551
Accrued income	194,885	21,958	-	216,843
Others	7,676	-	-	7,676
Due from other funds	14,543	-	(14,543)	-
Due from brokers	558,296	79,244	-	637,540
Prepaid expenses	5,635	-	-	5,635
Total current assets	7,433,597	458,700	(14,543)	7,877,754
Noncurrent assets:				
Notes receivable, net of current portion and allowance for loan losses	5,785,838	267,029	-	6,052,867
Investments	65,605,119	8,368,011	-	73,973,130
Foreclosed properties	187,400	-	-	187,400
Capital assets, net	323,752	-	-	323,752
Total noncurrent assets	71,902,109	8,635,040	-	80,537,149
Total assets	\$ 79,335,706	\$ 9,093,740	\$(14,543)	\$ 88,414,903
Liabilities and net position				
Current liabilities:				
Accounts payable	\$ 62,456	\$ 3,620	\$ -	\$ 66,076
Due to brokers	558,296	79,244	-	637,540
Accrued expenses	21,887	-	-	21,887
Due to other funds	-	14,543	(14,543)	-
Total liabilities	642,639	97,407	(14,543)	725,503
Net Position				
Invested in capital assets	323,752	-	-	323,752
Restricted	78,369,315	8,996,333	-	87,365,648
Total net position	78,693,067	8,996,333	-	87,689,400
Total liabilities and net position	\$ 79,335,706	\$ 9,093,740	\$(14,543)	\$ 88,414,903

See accompanying Report of Independent Auditors.

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

Combining Statement of Revenues, Expenses and Changes in Net Position

Year Ended September 30, 2016

	General Fund	Park Fund	Eliminations	Total
Operating revenues:				
Net increase in the fair value of investments	\$ 4,313,880	\$ 581,942	\$ -	\$ 4,895,822
Investment income, net	1,588,078	198,170	-	1,786,248
Interest income:				
Notes receivable	610,303	31,581	-	641,884
Other	629	-	-	629
	6,512,890	811,693	-	7,324,583
Loss through foreclosure of assets	(443,600)	-	-	(443,600)
Reversal of provision for doubtful accounts	1,009,441	-	-	1,009,441
Other income	23,978	-	-	23,978
Total operating revenue	7,102,709	811,693	-	7,914,402
Operating expenses:				
Money manager fees	245,673	31,599	-	277,272
Money management administration	128,189	14,720	-	142,909
Salaries and benefits	116,854	13,418	-	130,272
Consultancy fees	109,966	14,378	-	124,344
Contract services	62,715	7,201	-	69,916
Office supplies	57,376	6,589	-	63,965
Depreciation and amortization	38,980	-	-	38,980
Loan administration fee	33,449	-	-	33,449
Professional fees	32,706	-	-	32,706
Trustees' expenses	15,513	1,781	-	17,294
Audit	15,409	1,770	-	17,179
Rent and utilities	9,825	1,128	-	10,953
Repairs and maintenance	1,085	-	-	1,085
Total operating expenses	867,740	92,584	-	960,324
Operating income	6,234,969	719,109	-	6,954,078
Non-operating revenues (expenses):				
Contribution from DPL	800,334	-	-	800,334
Net distribution to the CNMI General Fund/American Memorial Park	(1,331,248)	(137,167)	-	(1,468,415)
Total non-operating expenses, net	(530,914)	(137,167)	-	(668,081)
Increase in net position	5,704,055	581,942	-	6,285,997
Net position at beginning of year	72,989,012	8,414,391	-	81,403,403
Net position at end of year	\$ 78,693,067	\$ 8,996,333	\$ -	\$ 87,689,400

See accompanying Report of Independent Auditors.

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

Combining Statement of Cash Flows

Year Ended September 30, 2016

	<u>General Fund</u>	<u>Park Fund</u>	<u>Eliminations</u>	<u>Total</u>
Cash flows from operating activities:				
Cash received from operations	\$ 411,323	\$ 200,955	\$ -	\$ 612,278
Cash payments to suppliers	(<u>801,253</u>)	(<u>91,912</u>)	-	(<u>893,165</u>)
Net cash (used in) provided by operating activities	(<u>389,930</u>)	109,043	-	(<u>280,887</u>)
Cash flows from noncapital financing activity:				
Cash received from DPL	<u>800,334</u>	-	-	<u>800,334</u>
Cash flows from capital and related financing activities:				
Disposal of property and equipment	98	-	-	98
Acquisition of property and equipment	(<u>45,986</u>)	-	-	(<u>45,986</u>)
Net cash used in capital financing activities	(<u>45,888</u>)	-	-	(<u>45,888</u>)
Cash flows from investing activities:				
Net decrease in notes receivable	309,670	-	-	309,670
Net decrease (increase) in investments	<u>235,150</u>	(<u>103,737</u>)	-	<u>131,413</u>
Cash provided by (used in) investing activities	<u>544,820</u>	(<u>103,737</u>)	-	<u>441,083</u>
Net increase in cash and cash equivalents	909,336	5,306	-	914,642
Cash and cash equivalents at beginning of year	<u>1,354,975</u>	<u>169,892</u>	-	<u>1,524,867</u>
Cash and cash equivalents at end of year	<u>\$ 2,264,311</u>	<u>\$ 175,198</u>	<u>\$ -</u>	<u>\$ 2,439,509</u>

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

Combining Statement of Cash Flows, continued

Year Ended September 30, 2016

	General Fund	Park Fund	Eliminations	Total
Reconciliation of operating income to net cash (used in) provided by operating activities:				
Operating income	\$ 6,234,969	\$ 719,109	\$ -	\$ 6,954,078
Adjustment to reconcile operating income to net cash (used in) provided by operating activities:				
Net increase in fair value of investments	(4,313,880)	(581,942)	-	(4,895,822)
Net increase in fair value of land	(24,000)	-	-	(24,000)
Depreciation and amortization	38,980	-	-	38,980
Loss through foreclosure of assets	443,600	-	-	443,600
Recovery of notes receivable	(1,009,441)	-	-	(1,009,441)
(Increase) decrease in assets:				
Receivable - accrued income	(234,583)	(22,301)	-	(256,884)
Other receivable	12,764	-	-	12,764
Due from other funds	8,390	-	(8,390)	-
Due from brokers	1,069,745	(67,252)	-	1,002,493
Prepaid expenses	371	-	-	371
(Decrease) increase in liabilities:				
Accounts payable	(1,587,605)	672	-	(1,586,933)
Due to other funds	-	(8,390)	8,390	-
Due to brokers	(1,044,320)	69,147	-	(975,173)
Accrued expenses	15,080	-	-	15,080
 Net cash (used in) provided by operating activities	 \$(<u>389,930</u>)	 \$ <u>109,043</u>	 \$ <u>-</u>	 \$(<u>280,887</u>)

Supplemental schedule of noncash operating, financing and investing activities:

MPLT applied \$1,331,248 of the required income distribution to the CNMI General Fund for the year ended September 30, 2016 as a repayment of the CNMI's note receivable and related interest.

Decrease in notes receivable	\$(980,289)	\$ -	\$ -	\$(980,289)
Decrease in accrued interest receivable	(350,959)	-	-	(350,959)
Increase in net distribution	<u>1,331,248</u>	<u>-</u>	<u>-</u>	<u>1,331,248</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

MPLT applied \$137,167 of the required income distribution of the American Memorial Park Fund for the year ended September 30, 2016 as a repayment of CDA's note receivable and related interest

Decrease in notes receivable	\$ -	\$(105,586)	\$ -	\$(105,586)
Decrease in accrued interest income	-	(31,581)	-	(31,581)
Increase in net distribution	<u>-</u>	<u>137,167</u>	<u>-</u>	<u>137,167</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

Schedule of Investments - General Fund

September 30, 2016

	Cost	Fair Value
Mutual Funds		
Templeton Global Bond Cl Adv	\$ 8,404,117	\$ 7,120,255
Total Mutual Funds	8,404,117	7,120,255
Equities		
Domestic Common Stock		
Abbvie Ord	291,529	310,620
Adobe System Ord	248,893	350,584
AES Ord	167,717	143,175
Alexandria Real Estate Equities	127,897	162,937
Alibaba Group Holding ADR Rep 1	179,858	221,630
Allergan Ord	114,031	87,287
Altria Group Ord	353,481	422,100
Amazon Com Ord	91,108	157,414
American Assets Reit	147,743	166,796
American International Group	108,982	106,515
American Tower Reit	346,810	416,261
Ameriprise Finance Ord	180,259	189,563
Amgen Ord	163,345	175,151
Anadarko Petroleum Ord	112,042	121,018
Antero Resources Midstream Unt	144,702	151,763
Apartment Investment Mgt Cl A	269,346	308,561
Apple Ord	255,558	283,756
Archer Daniels Midland Ord	164,389	160,246
AT&T Ord	168,849	192,898
Avalonbay Communities Reit	158,380	165,213
Banco Bilbao Vizcaya Argentaria	148,778	103,519
Bank Of America Ord	366,030	360,341
Baxter International Ord	214,128	268,940
Bok Financial Ord	81,390	103,455
Boston Properties Reit	361,701	396,876
Boston Scientific Ord	65,703	93,415
Brookdale Senior Living Ord	84,901	85,749
Buckeye Partners Unt	492,054	469,982
CDN Natural Resource Ord	142,098	159,895
Celgene Ord	87,287	79,443
Charter Communications, Inc.	146,173	160,092
Chesapeake Lodging Reit	160,624	145,232
Chubb Ord	181,945	194,255
Cisco Systems Ord	113,476	136,713
Citigroup Ord	139,997	128,938
Columbia Pipeline Partners Unt	39,108	41,754
Comcast Cl A Ord	164,935	190,396
Coty Cl A Ord	64,713	86,950
Crown Castle International Reit	70,556	66,418
CSX Ord	74,299	77,775
Cullen Frost Bankers Ord	113,745	111,507
Danaher Ord	169,755	172,458
DCT Industrial Reit	109,323	146,427

See accompanying Report of Independent Auditors.

Marianas Public Land Trust
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Schedule of Investments - General Fund, continued

September 30, 2016

	<u>Cost</u>	<u>Fair Value</u>
Domestic Common Stock, continued		
DDR Reit	122,327	124,642
Deere Ord	135,120	128,025
Diageo Adr Rep 4 Ord	182,476	162,456
Dow Chemical Ord	303,009	309,425
Duke Realty Reit	196,176	193,334
Dupont Fabros Technology Reit	137,892	143,138
Eli Lilly Ord	74,580	72,234
Energy Transfer Equity Unt	354,293	317,549
Energy Transfer Partners Unt	260,671	335,627
Enterprise Products Partners	826,470	699,840
EQT GP Holdings Unt	43,022	38,959
EQT Midstream Partners Unt	436,492	457,216
EQT Ord	188,955	188,812
Equinix Reit	148,273	169,318
Equity Residential Reit	400,315	382,892
Essex Property Reit	377,057	411,327
Extra Space Storage Reit	248,043	228,939
Exxon Mobil Ord	177,955	190,707
Facebook Cl A Ord	174,795	268,084
Federal Reit	136,355	144,078
Fedex Ord	103,811	119,656
First Republic Bank Ord	155,288	215,908
Four Corners Property Ord	100,131	105,903
General Dynamics Ord	163,030	217,224
General Electric Ord	105,682	104,559
General Growth Properties Reit	179,220	184,782
Genesis Energy Unt	256,961	214,568
Glimcher Realty Trust	52,699	63,076
Halliburton Ord	274,291	201,959
Healthcar Trust Of America Cl A	209,528	244,388
Highwoods Properties Reit	115,970	126,651
Hilton Worldwide Holdings Inc.	134,283	127,811
Home Depot Ord	300,369	474,186
Honeywell International Ord	151,383	167,307
Johnson & Johnson Ord	109,614	111,633
Jpmorgan Chase Ord	322,260	361,917
Kilroy Realty Reit	212,884	234,264
Kimco Realty Reit	255,567	245,786
Lennar Cl A Ord	187,220	186,296
Liberty Property Reit	103,580	103,135
M&T Bank Ord	149,964	139,320
Magellan Midstream Partners	719,652	694,384
Marriott International Cl A Ord	128,206	128,264
Marsh & McLennan Ord	105,912	133,491
Martin Marietta Materials Ord	157,431	223,888
Medtronic Ord	317,034	355,968
Merck & Co Ord	77,919	83,629

See accompanying Report of Independent Auditors.

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

Schedule of Investments - General Fund, continued

September 30, 2016

	<u>Cost</u>	<u>Fair Value</u>
Domestic Common Stock, continued		
Microchip Technology Ord	156,787	229,918
Microsoft Ord	397,154	487,008
Mitsubishi Ufj Financial Group	138,346	111,605
Mondelez International Cl A Ord	166,628	193,160
Morgan Stanley Ord	101,238	105,477
MPLX Com Unt	582,886	466,083
National Retail Properties Reit	159,310	167,347
Natl Fuel Gas Ord	144,554	121,658
Noble Midstream Partners Unt	31,767	35,098
Norfolk Southern Ord	109,488	114,531
Novartis Adr Repsg 1 Ord	231,096	197,400
Omega Healthcare Reit	121,439	124,323
Oneok Partners Unt	349,242	413,283
Oshkosh Ord	186,577	190,400
Paypal Holdings Ord	110,466	151,589
Pepsico Ord	71,959	79,946
Pfizer Ord	142,395	144,625
Phillips 66 Ord	217,620	217,485
Phillips 66 Partners Com Unt	389,775	312,838
Pioneer Natural Resource Ord	206,259	185,650
Plains All American Pipeline Unt	821,008	667,620
PPG Industries Ord	183,094	183,981
Procter & Gamble Ord	71,826	77,185
Prologis Reit	311,477	399,034
Public Storage Reit	468,623	501,172
Raytheon Ord	104,333	131,365
Regency Centers Reit	289,430	291,052
Reynolds Amrican Ord	125,482	128,484
Salesforce.Com Ord	48,938	45,295
Schlumberger Ord	112,398	104,591
Shell Midstream Partners Unt	210,536	206,595
Simon Prop Grp Reit	811,105	945,208
Southern Ord	72,454	69,768
Spectra Energy Partners Unt	228,434	222,819
Stanley Black And Decker Ord	36,763	38,739
Starbucks Ord	73,662	73,089
Sun Communities Reit	151,834	164,102
Sunoco Logistics Unt	492,836	403,024
T Mobile Us Ord	34,530	42,749
Tallgrass Energy Partners Com	139,737	157,421
Tesoro Logistics Unt	391,704	328,908
Texas Instruments Ord	160,017	231,594
Time Warner Ord	272,740	298,538
Unilever Adr Rep 1 Ord	184,338	193,620
Unitedhealth Grp Ord	92,940	130,200
Valero Energy Partners Com Unt	172,721	153,396
Visa Cl A Ord	130,049	138,523

See accompanying Report of Independent Auditors.

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

Schedule of Investments - General Fund, continued

September 30, 2016

	Cost	Fair Value
Domestic Common Stock, continued		
Walgreen Boots Alliance Ord	206,584	225,736
Walt Disney Ord	56,267	60,823
Welltower Ord	399,562	456,546
Western Gas Equity Partners	43,796	45,762
Western Gas Partners Unt	410,733	384,359
Westrock Ord	31,773	43,874
Williams Ord	339,267	386,184
Williams Partners Unt	143,837	150,843
Zimmer Biomet Holdings Ord	108,283	117,668
Total Domestic Common Stock	29,409,900	30,859,864
International Common Stock		
Actelion Adr Rep 1/4 Ord	49,056	52,790
Alliance Glob Unspn Adr Rep 50	33,102	34,147
Ambev Adr Rep One Ord	31,598	37,977
Anheuser Busch Adr Rep 1 Ord	124,130	132,856
Aon Cl A Ord	59,537	63,219
Ashtead Group Unspns Adr Rep 4	25,327	31,700
Assa Abloy Adr	81,503	82,741
Associated British Foods Adr	39,360	29,248
Banca Mediolanm Unspn Adr Rep	32,402	25,456
BB Seguridade Par Spon Adr Rep	66,953	64,582
BHP Billiton Adr Rep 2 Ord	55,592	69,369
British American Tobacco Adr	106,638	112,715
Canadian National Railway Ord	38,355	40,176
Cap Gemini Adr	31,963	33,996
Carlsberg Spon Adr Repstg Cl B	42,171	41,836
Compagnie Financiere Richemont	25,982	24,605
Compass Group Ads Rep Ord	61,841	67,659
Continental Adr Rep Ord	30,586	30,034
Daiwa House Industry Adr Rep	101,121	104,109
Eni Adr	57,990	53,871
Estacio Particip Spons Adr Rep 1	18,941	30,338
Fanuc Adr	35,153	40,006
Gea Group Adr	30,130	36,370
Informa Spon Adr Rep 2 Ord	54,674	51,998
Japan Tobacco Unspn Adr Rep 1 500	84,564	81,901
Kasikornbank Adr Rep 4 Ord	43,151	40,346
KBC Groep Adr	28,228	30,719
KDDI Adr Rep 0.5 Ord	82,682	85,913
KOC Holdings Adr	44,714	43,751
Makita Adr Rep 1 Ord	72,459	81,029
Mobile Telesystems Adr Rep 2 Ord	33,620	19,655
Mr Price Group Spon Adr Rep 1	31,204	28,912
Nampak Adr	17,474	17,100
Novartis Adr Repsg 1 Ord	133,542	141,654
Prudential Adr Repstg 2 Ord	105,771	99,345

See accompanying Report of Independent Auditors.

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

Schedule of Investments - General Fund, continued

September 30, 2016

	Cost	Fair Value
International Common Stock, continued		
Red Electrica Adr Rep 1/5 Ord	53,170	51,171
Relx Adr Rep Ord	53,035	56,905
Royal Dutch Shell Adr Rpstg 2 A	62,731	62,588
Ryanair Holdings Public Limited Company	43,821	40,066
Ryohin Keikku Unspn Adr Rep 0.20	47,599	43,083
Sampo Adr Rep 1/2 Cl A Ord	65,478	64,884
Saneamen Sao Pau Adr Rep 1 Ord	25,942	32,336
Sanlam Adr Rep 2 Ord	43,426	43,862
Sap Adr Rep 1 Ord	52,288	54,663
Seven I Holdings Adr Rep 0.50 Ord	50,449	57,522
Shire Ads Rep 3 Ord	74,080	80,840
Signet Jewelers Ord	52,741	38,756
Softbank Grup Unspn Adr Rep 0.5	46,149	55,454
Sony Adr Rep 1 Ord	42,818	59,977
Sumitomo Mit Adr Rep 1/5Th Of Ord	55,366	62,721
Swedbank Adr	44,268	49,368
Taiwan Semiconductor Mnftg Adr	113,194	175,954
Telekomunik Indonesia Adr Rep 200	63,487	97,138
Telenor Adr Rep Ord	37,195	38,905
Tencent Holdings Adr Rep 1 Cl B	55,254	67,806
Teva Pharma Ind Adr Rep 1 Ord	66,830	57,144
Turkcell Iletisim Adr Rep 2.5 Ord	80,633	48,384
Unilever Adr Rep 1 Ord	64,322	67,972
Valeo Adr Rep 1/2 Ord	55,105	60,576
Vinci Adr Rep 1/4 Ord	58,084	60,533
Vivendi Adr	30,225	31,791
Wolseley Spon Adr Rep 0.1 Ord	63,122	62,866
Wolters Kluwer Adr	58,630	66,143
Worldpay Group Unspn Adr	47,648	45,468
Total International Common Stock	3,518,604	3,696,999
Total Equities	32,928,504	34,556,863

See accompanying Report of Independent Auditors.

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

Schedule of Investments - General Fund, continued

September 30, 2016

	<u>Cost</u>	<u>Fair Value</u>	<u>Ratings</u>
Fixed Income Securities			
Asset and Mortgage Backed Securities			
FEDERAL FARM CREDIT BANKS @ 0.551%, due 05/17/2018	1,199,334	1,199,592	AA+
FEDERAL FARM CREDIT BANKS @ 0.558%, due 09/04/2018	1,684,197	1,685,304	AA+
FEDERAL FARM CREDIT BANKS @ 0.58%, due 04/16/2018	1,632,388	1,635,392	AA+
FEDERAL HOME LOAN BANKS @ 0.589%, due 07/12/2017	600,055	600,522	AA+
FEDERAL HOME LOAN BANKS @ 0.645%, due 10/25/2017	395,069	395,754	AA+
FEDERAL HOME LOAN BANKS @ 0.718%, due 04/05/2018	630,182	631,191	AA+
FEDERAL HOME LOAN BANKS @ 0.752%, due 09/08/2017	824,981	826,518	AA+
FEDERAL HOME LOAN BANKS @ 0.805%, due 08/25/2017	550,132	551,342	AA+
FEDERAL HOME LOAN MORTGAGE @ 0.567%, due 11/13/2017	605,000	605,133	AA+
FEDERAL NATIONAL MORTGAGE @ 0.536%, due 05/10/2017	1,839,083	1,840,589	AA+
FEDERAL NATIONAL MORTGAGE @ 0.811%, due 03/21/2018	1,000,180	1,002,910	AA+
FH G15743 @ 5%, due 01/06/2026	487,734	486,603	AA+
FN 256105 @ 5.5%, due 01/02/2021	150,259	148,991	AA+
FN 868434 @ 5.5%, due 01/04/2021	194,721	190,270	AA+
FN 904529 @ 6.5%, due 01/01/2037	62,171	69,634	AA+
FN 995628 @ 5.5%, due 01/02/2029	214,569	220,380	AA+
FN AL8215 @ 5%, due 01/04/2031	547,314	545,758	AA+
Total Asset and Mortgage Backed Securities	<u>12,617,369</u>	<u>12,635,883</u>	
Government Bonds			
US Treasury @ 2.750%, due 8/15/2042	<u>3,711,816</u>	<u>4,129,925</u>	AA+
Total Government Bonds	<u>3,711,816</u>	<u>4,129,925</u>	
Corporate Bonds			
Acco Brands Corp @ 6.75%, due 04/30/2020	72,383	73,850	B+
ADT Corp @ 5.25%, due 03/15/2020	84,005	86,400	BB-
AES Corp @ 7.375%, due 01/07/2021	81,266	91,800	BB-
Aircastle Ltd @ 7.625%, due 04/15/2020	90,125	91,200	BB+
Amerigas Partners Lp @ 5.875%, due 08/20/2026	70,000	74,200	BB-
Arcelormittal Sa @ 6.5%, due 01/03/2021	8,140	88,657	BB
Ball Corp @ 5.25%, due 01/07/2025	81,495	86,200	BB+
Centene Corp @ 5.75%, due 01/06/2017	83,954	81,800	BB
Centurylink Inc @ 6.45%, due 06/15/2021	76,560	85,700	BB-
CHS/Community Health Systems @ 5.125%, due 01/08/2021	79,714	79,400	BB-
CIT Group Inc @ 5.25%, due 03/15/2018	82,644	83,400	BB-
Citigroup Inc @ 4.4%, due 10/06/2025	619,628	629,980	BBB-
Citigroup Inc @ 2.255%, due 01/09/2023	307,570	306,461	BBB+
Clear Channel Worldwide @ 6.5%, due 11/15/2022	76,645	83,300	B
CNH Industrial Capital Llc @ 4.375%, due 06/11/2020	80,160	83,600	BB
CSC Holdings Llc @ 6.75%, due 11/15/2021	77,630	84,600	B-
DCP Midstream Operating Lp @ 3.875%, due 03/15/2023	68,625	71,625	BB

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Marianas Public Land Trust
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Schedule of Investments - General Fund, continued

September 30, 2016

	<u>Cost</u>	<u>Fair Value</u>	<u>Ratings</u>
Corporate Bonds, continued			
Dupont Fabros Technology Inc @ 5.875%, due 09/15/2021	82,520	83,700	BB
Energy Transfer Co @ 7.5%, due 10/15/2020	82,654	87,800	BB
Equinix Inc @ 5.375%, due 01/01/2022	83,050	84,600	B+
Ferrellgas Partners Lp @ 6.5%, due 01/05/2021	68,508	73,200	B
Frontier Communications Corp @ 8.75%, due 04/15/2022	73,244	81,600	BB-
GCI Inc @ 6.75%, due 01/06/2021	81,560	82,180	B-
GFI Group Inc @ 8.375%, due 07/19/2018	87,395	86,400	BB
GLP Capital Lp @ 5.375%, due 04/15/2026	81,425	86,000	BB+
Goldman Sachs & Co @ 3.85%, due 08/07/2024	454,126	461,857	BBB+
Goldman Sachs Group Inc @ 1.917%, due 11/15/2018	343,067	342,744	BBB+
Griffon Corp @ 5.25%, due 01/03/2022	76,758	80,300	B
H&E Equipment Services Inc @ 7%, due 01/09/2022	77,600	84,400	B-
Harsco Corp @ 5.75%, due 05/15/2018	61,145	70,980	BB-
HCA Inc @ 6.5%, due 02/15/2020	87,610	88,600	BB+
IAC/Interactivecorp @ 4.875%, due 11/30/2018	68,813	69,615	BB
Icahn Enterprises Lp @ 6%, due 01/08/2020	73,164	71,355	BB-
International Lease Finance Corp @ 5.875%, due 08/15/2022	86,590	88,700	BB+
Isle Of Capri Casinos Inc @ 5.875%, due 03/15/2021	82,050	83,500	B+
Kinder Morgan Inc @ 7%, due 06/15/2017	37,130	35,185	BBB-
L Brands Inc @ 6.625%, due 01/04/2021	89,340	92,200	BB+
Lennar Corp @ 4.75%, due 11/15/2022	71,225	72,275	BB
Mercer International Inc @ 7%, due 01/12/2019	24,975	24,810	B
Metlife Inc @ 4.368%, due 09/15/2023	186,003	199,472	A-
Morgan Stanley @ 3.875%, due 04/29/2024	232,773	240,635	BBB+
Newstar Financial Inc @ 7.25%, due 01/05/2020	68,075	68,950	BB-
Northern Tier Energy Llc @ 7.125%, due 11/15/2020	18,353	18,405	B+
Nrg Energy Inc @ 6.25%, due 07/15/2022	73,600	76,125	B+
Pacific Bell @ 7.125%, due 03/15/2026	469,242	465,602	BBB+
PBF Holdings Co Llcpcbfohusus @ 8.25%, due 02/15/2020	83,395	82,520	B+
Penske Automotive Group Inc @ 5.5%, due 05/15/2026	79,200	79,800	B+
Quadgraphics Inc @ 7%, due 01/05/2022	68,163	67,200	B
QVC Inc @ 4.375%, due 03/15/2023	66,052	70,188	BB
RR Donnelley & Sons Co @ 7%, due 02/15/2022	5,865	6,225	B
Targa Resources Partners Lp @ 5.25%, due 01/05/2023	65,800	70,875	BB-
Teekay Corp @ 8.5%, due 01/15/2020	61,223	70,247	CCC+
Tegna Inc @ 6.375%, due 10/15/2023	84,008	86,000	BB+
Tenet Healthcare Corp @ 4.375%, due 01/10/2021	77,812	79,600	BB-
T-Mobile Usa Inc @ 6.731%, due 04/28/2022	82,923	84,000	BB-
United Rentals (North America) @ 4.625%, due 07/15/2023	79,451	82,000	BB+
Wells Fargo & Co @ 1.74%, due 07/26/2021	289,477	285,903	A
Wells Fargo & Co @ 2.175%, due 04/03/2021	516,802	514,272	A
Total Corporate Bonds	<u>6,922,710</u>	<u>7,162,193</u>	
Total Mutual Funds	8,404,117	7,120,255	
Total Equities	<u>32,928,504</u>	<u>34,556,863</u>	
Total Fixed Income Securities	<u>23,251,895</u>	<u>23,928,001</u>	
Total Mutual Funds, Equities and Fixed Income Securities	<u>\$ 64,584,516</u>	<u>65,605,119</u>	

See accompanying Report of Independent Auditors.

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

Schedule of Investments - Park Fund

September 30, 2016

	Cost	Fair Value
Mutual Funds		
Templeton Global Bond Cl Adv	\$ 994,295	\$ 837,472
Total Mutual Funds	994,295	837,472
Equities		
Domestic Common Stock		
Abbvie Ord	35,817	38,157
Adobe System Ord	30,125	42,331
AES Ord	22,564	19,262
Alexandria Real Estate Equities	6,999	8,702
Alexandria Real Estate Equities	7,981	10,224
Alibaba Group Holding ADR Rep 1	21,453	26,448
Allergan Ord	14,001	10,594
Alphabet Cl A Ord	26,920	35,379
Altria Group Ord	16,029	15,808
Amazon Com Ord	11,196	19,258
American Assets Reit	17,361	19,347
American International Group	13,065	12,758
American Tower Reit	41,752	49,525
Ameriprise Finance Ord	21,821	22,947
Amgen Ord	19,446	20,851
Anadarko Petroleum Ord	13,491	14,573
Antero Resources Midstream Unt	18,159	18,877
Apartment Investment Mgt Cl A	31,256	35,810
Apple Ord	31,100	34,480
Archer Daniels Midland Ord	22,063	21,507
At&T Ord	20,435	23,351
Avalonbay Communities Reit	18,922	19,207
Banco Bilbao Vizcaya Argentaria	18,639	12,969
Bank Of America Ord	43,930	43,116
Baxter International Ord	25,848	32,368
Bok Financial Ord	8,682	11,035
Boston Properties Reit	41,206	46,202
Boston Scientific Ord	8,060	11,305
Brookdale Senior Living Ord	9,828	9,964
Buckeye Partners Unt	59,997	56,492
CDN Natural Resource Ord	17,176	19,328
Celgene Ord	10,332	9,408
Charter Communications, Inc.	17,768	19,438
Chesapeake Lodging Reit	18,804	16,854
Chubb Ord	22,008	23,497
Cisco Systems Ord	13,694	16,494
Citigroup Ord	16,964	15,586
Columbia Pipeline Partners Unt	5,136	5,003
Comcast Cl A Ord	19,803	22,887
Coty Cl A Ord	8,745	11,750
Crown Castle International Reit	8,507	8,008
CSX Ord	9,032	9,455
Cullen Frost Bankers Ord	15,411	15,107

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Marianas Public Land Trust
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Schedule of Investments - Park Fund, continued

September 30, 2016

	<u>Cost</u>	<u>Fair Value</u>
Domestic Common Stock, continued		
Danaher Ord	20,532	20,852
DCT Industrial Reit	12,656	17,041
DDR Reit	14,078	14,449
Deere Ord	18,016	17,070
Diageo Adr Rep 4 Ord	20,854	18,566
Dow Chemical Ord	35,559	36,281
Duke Realty Reit	23,024	22,680
Dupont Fabros Technology Reit	16,003	16,624
Eli Lilly Ord	9,115	8,829
Energy Transfer Equity Unt	40,696	40,145
Energy Transfer Partners Unt	32,039	40,367
Enterprise Products Partners	102,101	83,747
EQT Gp Holdings Unt	5,226	4,638
EQT Midstream Partners Unt	52,724	54,781
EQT Ord	22,529	22,512
Equinix Reit	17,744	20,174
Equity Residential Reit	47,003	44,388
Essex Property Reit	43,738	47,435
Extra Space Storage Reit	28,958	26,523
Exxon Mobil Ord	21,652	23,129
Facebook Cl A Ord	21,658	32,709
Federal Reit	16,107	16,932
Fedex Ord	12,859	14,848
First Republic Bank Ord	17,747	24,675
Four Corners Property Ord	11,615	12,286
General Electric Ord	32,404	38,966
General Growth Properties Reit	20,709	21,473
Genesis Energy Unt	30,180	25,782
Glimcher Realty Trust	6,065	7,304
Halliburton Ord	36,020	26,254
Healthcar Trust Of America Cl A	24,491	28,314
Highwoods Properties Reit	13,458	14,698
Hilton Worldwide Holdings Inc.	15,608	14,859
Home Depot Ord	32,187	50,829
Honeywell International Ord	18,470	20,403
Johnson & Johnson Ord	13,353	13,585
Jpmorgan Chase Ord	39,261	43,949
Kilroy Realty Reit	24,733	27,255
Kimco Realty Reit	29,620	28,487
Lennar Cl A Ord	23,190	23,075
Liberty Property Reit	12,036	11,984
M&T Bank Ord	18,121	16,835
Magellan Midstream Partners	87,198	83,261
Marriott International Cl A Ord	15,135	14,947
Marsh & McLennan Ord	12,801	16,140
Martin Marietta Materials Ord	18,892	26,867

See accompanying Report of Independent Auditors.

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

Schedule of Investments - Park Fund, continued

September 30, 2016

	<u>Cost</u>	<u>Fair Value</u>
Domestic Common Stock, continued		
Medtronic Ord	37,706	42,336
Merck & Co Ord	9,295	9,986
Microchip Technology Ord	19,069	27,963
Microsoft Ord	48,008	58,752
Mitsubishi Ufj Financial Group	16,495	13,307
Mondelez International Cl A Ord	19,692	22,828
Morgan Stanley Ord	12,153	12,664
MPLX Com Unt	66,098	54,345
National Retail Properties Reit	18,439	19,374
Natl Fuel Gas Ord	19,467	16,383
Noble Midstream Partners Unt	3,812	4,213
Norfolk Southern Ord	12,979	13,588
Novartis Adr Repsg 1 Ord	28,544	24,083
Omega Healthcare Reit	14,133	14,464
Oneok Partners Unt	42,681	50,097
Oshkosh Ord	21,782	22,400
Paypal Holdings Ord	12,539	17,207
Pepsico Ord	8,811	9,789
Pfizer Ord	17,159	17,443
Phillips 66 Ord	24,180	24,165
Phillips 66 Partners Com Unt	47,090	37,519
Pioneer Natural Resource Ord	25,202	22,278
Plains All American Pipeline Unt	105,253	79,970
PPG Industries Ord	22,218	22,326
Procter & Gamble Ord	8,769	9,424
Prologis Reit	35,985	46,312
Public Storage Reit	55,656	58,240
Raytheon Ord	14,067	17,697
Regency Centers Reit	33,511	33,708
Reynolds Amrican Ord	15,197	15,560
Salesforce.Com Ord	5,794	5,350
Schlumberger Ord	13,504	12,582
Shell Midstream Partners Unt	25,190	24,830
Simon Prop Grp Reit	95,104	109,715
Southern Ord	8,790	8,465
Spectra Energy Partners Unt	27,911	26,695
Stanley Black And Decker Ord	4,668	4,919
Starbucks Ord	9,831	9,745
Sun Communities Reit	17,673	19,071
Sunoco Logistics Unt	61,346	48,297
T Mobile Us Ord	4,199	5,139
Tallgrass Energy Partners Com	16,732	18,846
Tesoro Logistics Unt	46,807	39,236
Texas Instruments Ord	18,669	27,019
Time Warner Ord	33,796	37,019
Unilever Adr Rep 1 Ord	22,164	23,281

See accompanying Report of Independent Auditors.

Marianas Public Land Trust
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Schedule of Investments - Park Fund, continued

September 30, 2016

	Cost	Fair Value
Domestic Common Stock, continued		
Unitedhealth Grp Ord	11,041	15,400
Valero Energy Partners Com Unt	20,741	18,262
Visa Cl A Ord	15,970	16,954
Walgreen Boots Alliance Ord	25,454	27,814
Walt Disney Ord	7,735	8,357
Welltower Ord	46,786	52,937
Western Gas Equity Partners	5,924	5,481
Western Gas Partners Unt	50,859	46,077
Westrock Ord	3,862	5,333
Williams Ord	38,807	46,279
Williams Partners Unt	17,358	18,074
Zimmer Biomet Holdings Ord	13,160	14,302
Total Domestic Common Stock	3,535,556	3,686,510
International Common Stock		
Actelion Adr Rep 1/4 Ord	5,805	6,246
Alliance Glob Unspn Adr Rep 50	3,909	4,049
Ambev Adr Rep One Ord	4,151	4,500
Anheuser Busch Adr Rep 1 Ord	14,734	15,769
Aon Cl A Ord	7,101	7,537
Ashtead Group Unspns Adr Rep 4	2,994	3,764
Assa Abloy Adr	9,657	9,796
Associated British Foods Adr	4,681	3,479
Banca Mediolanm Unspn Adr Rep	3,841	3,019
Bb Seguridade Par Spon Adr Rep	8,594	7,661
Bhp Billiton Adr Rep 2 Ord	6,598	8,212
British American Tobacco Adr	12,685	13,403
Canadian National Railway Ord	4,553	4,769
Cap Gemini Adr	3,777	4,017
Carlsberg Spon Adr Repstg Cl B	5,000	4,960
Compagnie Financiere Richemont	3,075	2,913
Compass Group Ads Rep Ord	7,331	8,020
Continental Adr Rep Ord	3,641	3,575
Daiwa House Industry Adr Rep	11,969	12,327
Eni Adr	6,899	6,409
Estacio Particip Spons Adr Rep 1	2,238	3,593
Fanuc Adr	4,157	4,732
Gea Group Adr	3,588	4,332
Informa Spon Adr Rep 2 Ord	6,507	6,160
Japan Tobacco Unspn Adr Rep 1 500	10,035	9,722
Kasikornbank Adr Rep 4 Ord	5,250	4,784
KBC Groep Adr	3,343	3,640
KDDI Adr Rep 0.5 Ord	9,813	10,197
KOC Holdings Adr	5,691	5,176
Makita Adr Rep 1 Ord	8,599	9,616
Mobile Telesystems Adr Rep 2 Ord	5,137	2,327

See accompanying Report of Independent Auditors.

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

Schedule of Investments - Park Fund, continued

September 30, 2016

	Cost	Fair Value
International Common Stock, continued		
Mr Price Group Spon Adr Rep 1	3,692	3,421
Nampak Adr	2,074	2,029
Novartis Adr Repsg 1 Ord	15,869	16,819
Prudential Adr Repstg 2 Ord	12,582	11,820
Red Electrica Adr Rep 1/5 Ord	6,283	6,054
Relx Adr Rep Ord	6,265	6,725
Royal Dutch Shell Adr Rpstg 2 A	7,439	7,410
Ryanair Holdings Public Limited Company	5,168	4,726
Ryohin Keikku Unspn Adr Rep 0.20	5,667	5,140
Sampo Adr Rep 1/2 Cl A Ord	7,770	7,699
Saneamen Sao Pau Adr Rep 1 Ord	3,071	3,834
Sanlam Adr Rep 2 Ord	5,243	5,196
Sap Adr Rep 1 Ord	6,207	6,490
Seven I Holdings Adr Rep 0.50 Ord	5,974	6,812
Shire Ads Rep 3 Ord	8,730	9,499
Signet Jewelers Ord	6,290	4,621
Softbank Grup Unspn Adr Rep 0.5	5,470	6,569
Sony Adr Rep 1 Ord	5,076	7,107
Sumitomo Mit Adr Rep 1/5Th Of Ord	6,540	7,425
Swedbank Adr	5,254	5,859
Taiwan Semiconductor Mnftg Adr	12,320	20,832
Telekomunik Indonesia Adr Rep 200	7,409	11,498
Telenor Adr Rep Ord	4,412	4,614
Tencent Holdings Adr Rep 1 Cl B	6,557	8,047
Teva Pharma Ind Adr Rep 1 Ord	7,908	6,763
Turkcell Iletisim Adr Rep 2.5 Ord	9,680	5,730
Unilever Adr Rep 1 Ord	7,625	8,058
Valeo Adr Rep 1/2 Ord	6,530	7,178
Vinci Adr Rep 1/4 Ord	6,903	7,196
Vivendi Adr	3,587	3,772
Wolseley Spon Adr Rep 0.1 Ord	7,449	7,445
Wolters Kluwer Adr	6,943	7,834
Worldpay Group Unspn Adr	5,649	5,390
Total International Common Stock	418,989	438,316
 Total Equities	 3,954,545	 4,124,826

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

Schedule of Investments - Park Fund, continued

September 30, 2016

	<u>Cost</u>	<u>Fair Value</u>	<u>Ratings</u>
Fixed Income Securities			
Asset and Mortgage Backed Securities			
FEDERAL FARM CREDIT BANKS @ 0.551%, due 05/17/2018	199,882	199,932	AA+
FEDERAL FARM CREDIT BANKS @ 0.558%, due 09/04/2018	249,857	250,045	AA+
FEDERAL FARM CREDIT BANKS @ 0.58%, due 04/16/2018	254,675	255,061	AA+
FEDERAL FARM CREDIT BANKS @ 0.685%, due 03/26/2018	75,001	75,144	AA+
FEDERAL HOME LOAN BANKS @ 0.563%, due 05/09/2017	70,010	70,043	AA+
FEDERAL HOME LOAN BANKS @ 0.589%, due 07/12/2017	95,009	95,082	AA+
FEDERAL HOME LOAN BANKS @ 0.718%, due 04/05/2018	120,035	120,227	AA+
FEDERAL HOME LOAN BANKS @ 0.805%, due 08/25/2017	89,997	90,220	AA+
FEDERAL HOME LOAN MORTGAGE @ 0.567%, due 11/13/2017	80,000	80,018	AA+
FEDERAL NATIONAL MORTGAGE @ 0.536%, due 05/10/2017	244,892	245,078	AA+
FH G12444 @ 6%, due 01/10/2021	85,836	85,658	AA+
FH G15743 @ 5%, due 01/06/2026	60,427	60,287	AA+
FN 256896 @ 5.5%, due 01/09/2027	12,931	13,401	AA+
FN 257325 @ 5.5%, due 01/08/2028	21,655	22,132	AA+
FN 745418 @ 5.5%, due 01/04/2036	65,618	65,746	AA+
FN 868434 @ 5.5%, due 01/04/2021	20,371	19,905	AA+
FN AD3310 @ 4%, due 01/03/2025	52,733	53,117	AA+
Total Asset and Mortgage Backed Securities	<u>1,798,929</u>	<u>1,801,096</u>	
Government Bonds			
US Treasury @ 2.750%, due 8/15/2042	533,826	588,433	AA+
Total Government Bonds	<u>533,826</u>	<u>588,433</u>	
Corporate Bonds			
Acco Brands Corp @ 6.75%, due 04/30/2020	10,340	10,550	B+
ADT Corp @ 5.25%, due 03/15/2020	10,490	10,800	BB-
AES Corp @ 7.375%, due 01/07/2021	10,145	11,475	BB-
Aircastle Ltd @ 7.625%, due 04/15/2020	11,300	11,400	BB+
American Express Credit Corp @ 1.407%, due 03/18/2019	110,415	110,186	A-
Amerigas Partners Lp @ 5.875%, due 08/20/2026	10,000	10,600	BB-
Arcelormittal Sa @ 6.5%, due 01/03/2021	8,187	11,082	BB
Ball Corp @ 5.25%, due 01/07/2025	10,175	10,775	BB+
Centene Corp @ 5.75%, due 01/06/2017	4,240	4,090	BB
Centurylink Inc @ 6.45%, due 06/15/2021	9,560	10,713	BB-
Chs/Community Health Systems @ 5.125%, due 01/08/2021	9,962	9,925	BB-
Cit Group Inc @ 5.25%, due 03/15/2018	10,299	10,425	BB-
Citigroup Inc @ 2.255%, due 01/09/2023	45,379	45,216	BBB+
Citigroup Inc @ 4.4%, due 10/06/2025	30,040	31,764	BBB-
Citigroup Inc @ 4.45%, due 09/29/2027	31,288	31,394	BBB-
Clear Channel Worldwide @ 6.5%, due 11/15/2022	9,536	10,413	B
CNH Industrial Capital Llc @ 4.375%, due 06/11/2020	10,020	10,450	BB
CSC Holdings Llc @ 6.75%, due 11/15/2021	9,677	10,575	B-
DCP Midstream Operating Lp @ 3.875%, due 03/15/2023	9,150	9,550	BB
Dupont Fabros Technology Inc @ 5.875%, due 09/15/2021	10,293	10,463	BB
Energy Transfer Co @ 7.5%, due 10/15/2020	11,474	12,073	BB
Equinix Inc @ 5.375%, due 01/01/2022	10,366	10,575	B+

See accompanying Report of Independent Auditors.

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

Schedule of Investments - Park Fund, continued

September 30, 2016

	<u>Cost</u>	<u>Fair Value</u>	<u>Ratings</u>
Corporate Bonds, continued			
Ferrellgas Partners Lp @ 6.5%, due 01/05/2021	8,550	9,150	B
Frontier Communications Corp @ 8.75%, due 04/15/2022	9,125	10,200	BB-
GCI Inc @ 6.75%, due 01/06/2021	10,223	10,273	B-
GFI Group Inc @ 8.375%, due 07/19/2018	10,930	10,800	BB
GLP Capital Lp @ 5.375%, due 04/15/2026	10,119	10,750	BB+
Goldman Sachs & Co @ 3.85%, due 08/07/2024	57,471	58,396	BBB+
Goldman Sachs Group Inc @ 1.917%, due 11/15/2018	60,541	60,484	BBB+
Griffon Corp @ 5.25%, due 01/03/2022	9,587	10,038	B
H&E Equipment Services Inc @ 7%, due 01/09/2022	4,850	5,274	B-
Harsco Corp @ 5.75%, due 05/15/2018	8,735	10,139	BB-
HCA Inc @ 6.5%, due 02/15/2020	10,950	11,074	BB+
IAC/Interactivecorp @ 4.875%, due 11/30/2018	6,066	6,142	BB
Icahn Enterprises Lp @ 6%, due 01/08/2020	10,264	10,049	BB-
International Lease Finance Corp @ 5.875%, due 08/15/2022	10,820	11,087	BB+
Isle Of Capri Casinos Inc @ 5.875%, due 03/15/2021	10,250	10,438	B+
Kinder Morgan Inc @ 7%, due 06/15/2017	5,245	5,174	BBB-
L Brands Inc @ 6.625%, due 01/04/2021	11,163	11,525	BB+
Lennar Corp @ 4.75%, due 11/15/2022	10,175	10,325	BB
Mercer International Inc @ 7%, due 01/12/2019	5,203	5,169	B
Metlife Inc @ 4.368%, due 09/15/2023	46,363	49,868	A-
Morgan Stanley @ 3.875%, due 04/29/2024	25,717	26,737	BBB+
Newstar Financial Inc @ 7.25%, due 01/05/2020	9,725	9,850	BB-
Northern Tier Energy Llc @ 7.125%, due 11/15/2020	3,059	3,068	B+
NRG Energy Inc @ 6.25%, due 07/15/2022	9,813	10,150	B+
Pacific Bell @ 7.125%, due 03/15/2026	78,258	77,600	BBB+
Pbf Holdings Co Llc pbfhoyusus @ 8.25%, due 02/15/2020	10,425	10,315	B+
Penske Automotive Group Inc @ 5.5%, due 05/15/2026	9,900	9,975	B+
Quadgraphics Inc @ 7%, due 01/05/2022	9,738	9,600	B
QVC Inc @ 4.375%, due 03/15/2023	9,436	10,027	BB
RR Donnelley & Sons Co @ 7%, due 02/15/2022	978	1,038	B
Targa Resources Partners Lp @ 5.25%, due 01/05/2023	9,400	10,125	BB-
Teekay Corp @ 8.5%, due 01/15/2020	7,789	8,781	CCC+
Tegna Inc @ 6.375%, due 10/15/2023	10,492	10,750	BB+
Tenet Healthcare Corp @ 4.375%, due 01/10/2021	9,725	9,950	BB-
T-Mobile Usa Inc @ 6.731%, due 04/28/2022	10,349	10,500	BB-
United Rentals (North America) @ 4.625%, due 07/15/2023	9,920	10,250	BB+
Wells Fargo & Co @ 1.74%, due 07/26/2021	30,442	30,095	A
Wells Fargo & Co @ 4.1%, due 03/06/2026	26,360	26,524	A-
Total Corporate Bonds	<u>990,492</u>	<u>1,016,184</u>	
Total Mutual Funds	<u>994,295</u>	<u>837,472</u>	
Total Equities	<u>3,954,545</u>	<u>4,124,826</u>	
Total Fixed Income Securities	<u>3,323,247</u>	<u>3,405,713</u>	
Total Mutual Funds, Equities and Fixed Income Securities	<u>\$ 8,272,087</u>	<u>\$ 8,368,011</u>	

See accompanying Report of Independent Auditors.

Marianas Public Land Trust
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Schedule of Administrative Expenses Compared to Budget

Year Ended September 30, 2016

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Money manager fees	\$277,000	\$277,272	\$(272)
Money management administration	129,850	142,909	(13,059)
Consultancy fees	124,400	124,344	56
Salaries and benefits	114,850	130,272	(15,422)
Contract services	70,200	69,916	284
Office expense	63,550	63,965	(415)
Depreciation	38,950	38,980	(30)
Professional fees	35,000	32,706	2,294
Loan administration fee	33,400	33,449	(49)
Audit	17,170	17,179	(9)
Trustees' expenses	15,957	17,294	(1,337)
Rent and utilities	11,220	10,953	267
Repairs and maintenance	<u>1,500</u>	<u>1,085</u>	<u>415</u>
Total	<u>\$933,047</u>	<u>\$960,324</u>	<u>\$(27,277)</u>