

Financial Statements
June 30, 2025 and 2024

NORTH DAKOTA
DEPARTMENT OF TRUST LANDS

INDEPENDENT AUDITOR’S REPORT	1
MANAGEMENT’S DISCUSSION AND ANALYSIS	4
BASIC FINANCIAL STATEMENTS	
Government-Wide Financial Statements:	
Statement of Net Position	11
Statement of Activities	12
Fund Financial Statements	
Balance Sheet – Governmental Funds.....	14
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds.....	16
Statement of Fiduciary Net Position.....	18
Statement of Changes in Fiduciary Net Position	20
Notes to the Financial Statements	22
SUPPLEMENTARY INFORMATION	
Combining Fund Statements:	
Combining Balance Sheet – Non-major Governmental Funds.....	80
Combining Statement of Revenues, Expenditures, and Changes Fund Balances – Non-major Governmental Funds.....	82
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Expenditures	84
Schedule of Contributions to NDPERS Pension Plan	89
Schedule of Employer’s Proportionate Share of Net Pension Liability	90
Schedule of Contributions to NDPERS OPEB Plan	91
Schedule of Employer’s Net OPEB Liability	92
INTERNAL CONTROL AND COMPLIANCE SECTION	
Independent Auditor’s Report on Internal Control Over Financial Reporting and Compliance And Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	93
Independent Auditor’s Comments Requested by the Legislative Audit and Fiscal Review Committee.....	95



Independent Auditor's Report

State Land Board and the
Legislative Assembly
State of North Dakota
Bismarck, North Dakota

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the North Dakota Department of Trust Lands, an agency of the State of North Dakota, as of and for the years ended June 30, 2025 and 2024 and the related notes to the financial statements, which collectively comprise the North Dakota Department of Trust Lands' basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the North Dakota Department of Trust Lands, as of June 30, 2025 and 2024, and the respective changes in financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of North Dakota Department of Trust Lands and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 1, the financial statements of North Dakota Department of Trust Lands are intended to present the financial position, changes in financial position, and statement of appropriations of only that portion of the State of North Dakota that is attributable to the transactions of the North Dakota Department of Trust Lands. They do not purport to, and do not, present fairly the financial position of the State of North Dakota as of June 30, 2025 and 2024, and the changes in its financial position and its statement of appropriations for the years then ended in conformity with accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 North Dakota Department of Trust Lands' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and Schedule of Expenditures, Schedule of Contributions to NDPERS Pension Plan, Schedule of Contributions to NDPERS OPEB Plan, Schedule of Employer's Proportionate Share of Net Pension Liability, and Schedule of Employer's Proportionate Share of Net OPEB Liability be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods or preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the North Dakota Department of Trust Lands of the State of North Dakota. The combining balance sheet – non-major governmental funds and combining statement of revenues, expenditures, and changes in fund balances – non-major governmental funds are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 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 GAAS. In our opinion, the combining balance sheet – non-major governmental funds and combining statement of revenues, expenditures, and changes in fund balances – non-major governmental funds are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 21, 2025, on our consideration of the North Dakota Department of Trust Lands' 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of North Dakota Department of Trust Lands' 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 North Dakota Department of Trust Lands' internal control over financial reporting and compliance.

The signature is written in a cursive, handwritten style. It appears to read "Eide Bailly LLP".

Bismarck, North Dakota
October 21, 2025

As management of the Department of Trust Lands (the Department), our discussion and analysis of the Department's financial performance provides an overview of the financial activities for the fiscal years ended June 30, 2025, 2024 and 2023. Please read it in conjunction with the basic financial statements, which follow this discussion.

Financial Highlights

- The assets and deferred outflows of resources of the Department exceeded its liabilities and deferred inflows of resources as of June 30, 2025, 2024, and 2023 by \$10,205,763,395, \$8,784,631,310, and \$8,298,164,101, respectively.
- The Department's net position increased by \$1,421,132,085 for the year ended June 30, 2025; increased by \$486,467,209 for the year ended June 30, 2024; and increased \$1,196,211,046 for the year ended June 30, 2023. The net position increase for fiscal year 2025 is due to increase in mineral lease bonuses, as well as an increase in the fair value of investments.
- Royalty revenues totaled \$461,628,507 in fiscal year 2025, a decrease of \$46,954,675 over the amount earned in fiscal year 2024. Royalty revenues totaled \$508,583,182 in fiscal year 2024, an increase of \$548,210 over the amount earned in fiscal year 2023. The decrease in fiscal year 2025 was due to a decline in both production levels and crude oil pricing.
- Mineral lease bonus revenues totaled \$18,627,008 in fiscal year 2025, an increase of \$10,990,357 from fiscal year 2024. Revenues in fiscal year 2024 were \$7,636,651, an increase of \$3,760,079 compared to \$3,876,572 in fiscal year 2023. The significant increase in fiscal year 2025 is primarily attributed to the expiration of certain leases in productive areas, which generated more competitive bidding, along with interest in new areas of speculation.
- During fiscal year 2025, gross production tax revenues totaled \$255,426,135 compared to \$210,992,848 in gross production tax revenue during fiscal year 2024. Gross production tax revenues were \$369,452,945 in fiscal year 2023. All gross production tax revenue was deposited into the Strategic Investment and Improvements fund as directed by the legislature, which results in higher distributions during the second year of each biennia versus the first year.
- Oil extraction tax revenues received in fiscal year 2025 totaled \$266,408,980, an increase of \$19,292,204 over the \$247,116,776 earned in fiscal year 2024.
 - Oil extraction tax revenues received by the Common School Trust fund totaled \$100,386,461 in fiscal year 2025, compared to \$126,152,811 in fiscal year 2024. The tax revenue changes between fiscal year 2025 and 2024 show the decline in crude market prices and production from previous years. Oil extraction tax revenues received by the Common School Trust fund totaled \$124,888,344 in fiscal year 2023.

- Oil extraction tax revenues received by the Strategic Investment and Improvements fund totaled \$166,022,519 in fiscal year 2025. During fiscal year 2024 the Strategic Investment and Improvements fund received \$120,963,965 in oil extraction tax revenues. During fiscal year 2023 the Strategic Investment and Improvements fund received \$241,883,567 in oil extraction tax revenues. Oil extraction tax revenues are deposited into the Strategic Investment and Improvements fund as directed by the legislature, which results in higher distributions to the Strategic Investment and Improvements fund during the second year of each biennia versus the first year.
- Investment income totaled \$124,873,348 in fiscal year 2025, a decrease of \$24,779,937 from fiscal year 2024. In fiscal year 2024, investment income was \$149,653,285, a decrease of \$25,613,095 from fiscal year 2022 when investment income totaled \$175,226,380. The decrease in investment income for fiscal year 2025 primarily reflects a shift in vehicle type within the public fixed income portfolio.
- The change in fair value of investments (capital gains/losses) resulted in a net gain of \$813,642,526 in fiscal year 2025, an increase of \$245,784,652 compared to a net gain of \$567,857,874 in fiscal year 2024. In fiscal year 2024, the change in fair value increased by \$314,186,189 from a net gain of \$253,671,685 in fiscal year 2023. The increase in fiscal year 2025 was driven by stronger performance in U.S. and international public equity markets.

Overview of the Financial Statements

This report consists of four parts – management's discussion and analysis (this section), the basic financial statements, required supplementary information, and a section that presents combining statements for non-major government funds. The basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

Government-Wide Financial Statements. The *government-wide financial statements* provide broad information about the Department's financial condition.

The *statement of net position* presents information on all assets and deferred inflows of resources and liabilities and deferred inflows of resources managed by the Department with the difference between these reported as *net position*. Changes in net position may at times, serve as a useful indicator of whether the financial position of the Department is improving or deteriorating.

The *statement of activities* presents information showing how the net position managed by the Department changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

Fund Financial Statements. A *fund* is a grouping of related accounts used to maintain control of resources that have been segregated for specific objectives. The Department uses fund accounting to provide a relevant financial statement format for users and to demonstrate compliance with constitutional and legislative requirements. All funds of the Department are governmental funds except for two funds that are private purpose trust funds, Indian Cultural Education Trust and Theodore Roosevelt Presidential Library and Museum Endowment.

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the Common Schools Trust fund, Coal Development Trust fund, Department of Trust Lands General fund, and the Strategic Investment and Improvements fund.

Data from the other thirteen governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these is provided in the *combining statements* immediately following the notes to the financial statements.

Activities of the private purpose trust fund are presented separately in the statement of fiduciary net position and statement of changes to fiduciary net position for the Indian Cultural Education Trust and the Theodore Roosevelt Presidential Library and Museum Endowment.

The Department is appropriated a biennial budget from the North Dakota Legislature for its General fund. A budgetary comparison statement has been provided to demonstrate compliance with this budget.

Notes to the Financial Statements and Other Information. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Government-Wide Financial Analysis

As noted earlier, changes in net position may, at times, serve as a useful indicator of the Department's financial position. As of June 30, 2025, the Department's total net position was \$10,205,763,395. As of June 30, 2024, the Department's total net position was \$8,784,631,310. As of June 30, 2023, the Department's total net position was \$8,298,164,101. The largest portion of the Department's net position is represented by investments in financial securities. The Department uses this net position to provide distributions to educational entities and general government.

The following is a comparative summary statement of net position:

Condensed Statement of Net Position

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Current and other assets	\$10,428,055,993	\$9,034,517,627	\$8,647,994,458
Capital assets	14,264,630	11,634,707	10,520,588
Total assets	<u>10,442,320,623</u>	<u>9,046,152,334</u>	<u>8,658,515,046</u>
Deferred outflows of resources:			
Pension	1,863,641	2,418,777	3,652,704
Other Post-Employment Benefits	47,213	62,736	93,358
	<u>1,910,854</u>	<u>2,481,513</u>	<u>3,746,062</u>
Long-term liabilities	5,997,205	5,608,079	5,432,167
Other liabilities	230,622,483	255,665,195	356,509,797
Total liabilities	<u>236,619,688</u>	<u>261,273,274</u>	<u>361,941,964</u>
Deferred inflows of resources:			
Pension	1,821,959	2,694,651	2,182,586
Other Post-Employment Benefits	26,435	34,612	27,543
	<u>1,848,394</u>	<u>2,729,263</u>	<u>2,155,043</u>
Net Position:			
Net position held in capital assets	12,411,824	9,580,583	10,520,588
Restricted net position			
Nonexpendable	74,639,618	73,623,582	71,585,466
Expendable	8,384,000,599	7,391,101,408	6,568,586,926
Unrestricted net position	1,734,711,354	1,310,325,737	1,647,471,121
Total net position	<u>\$10,205,763,395</u>	<u>\$8,784,631,310</u>	<u>\$8,298,164,101</u>

During fiscal year 2025, the Department's net position increased by \$1,421,132,085. The main change relates to an increase mineral lease bonus revenue and gains in the fair value of investments during the year.

During fiscal year 2024, the Department's net position increased by \$486,467,209. The main change relates to an increase in mineral lease bonus revenue and gains in the fair value of investments during the year.

During fiscal year 2023, the Department's net position increased by \$1,196,211,046. The main change relates to an increase in royalty revenues, oil extraction and gross production taxes deposited into the Strategic Investment and Improvements fund, and gains in the fair value of investments during the year.

The following provides a comparative statement of the Department's operations:

	Changes in Net Position		
	2025	2024	2023
<u>Revenues</u>			
<i>General Revenues:</i>			
Interest on investments	\$ 66,212,670	\$ 37,559,320	\$ 27,649,871
Change in fair value of investments	16,806,718	28,570,754	15,375,360
Interest income	8,028	8,401	6,355
Royalties	183,907,310	209,350,526	209,557,933
Bonuses	11,049,782	575,228	837,053
Rents	313,165	254,596	337,298
Interest on loans	502,295	441,034	351,619
Contributions to perpetual funds	16,372,521	6,341,407	9,148,366
Taxes	523,169,521	459,476,285	737,665,849
Total General Revenue	<u>818,342,010</u>	<u>742,577,551</u>	<u>1,000,929,704</u>
<i>Program Revenues:</i>			
Interest on loans	166,057	256,290	328,266
Interest on investments	57,984,298	111,388,240	146,930,269
Change in fair value of investments	796,835,808	539,287,120	238,296,325
Royalties	277,721,197	299,232,656	298,477,039
Bonuses	7,577,226	7,061,423	3,039,519
Rents	17,922,026	15,477,975	14,303,286
Fees to Maintenance fund	13,379,262	6,957,233	24,307,055
Total Program Revenue	<u>1,171,585,874</u>	<u>979,660,937</u>	<u>725,681,759</u>
Total Revenues	<u>1,989,927,884</u>	<u>1,722,238,488</u>	<u>1,726,611,463</u>

ND Department of Trust Lands
Management's Discussion and Analysis
June 30, 2025

Expenses

Governmental Activities:

General government	21,991,982	11,223,852	8,046,170
Intergovernmental	-	-	35,167
Education	29,153,671	27,544,019	47,838,140
Total Expenses	<u>51,145,653</u>	<u>38,767,871</u>	<u>55,919,477</u>
Excess before transfer	1,938,782,232	1,683,470,617	1,670,691,986
Transfers	<u>(517,650,147)</u>	<u>(1,197,003,408)</u>	<u>(474,480,943)</u>
Increase(decrease) in net position	<u>1,421,132,085</u>	<u>486,467,209</u>	<u>1,196,211,046</u>
Net position - beginning	<u>8,784,631,310</u>	<u>8,298,164,101</u>	<u>7,101,953,058</u>
Net position - ending	<u><u>\$10,205,763,395</u></u>	<u><u>\$8,784,631,310</u></u>	<u><u>\$8,298,164,101</u></u>

During the fiscal year ending June 30, 2025, the Department's revenues increased by a total of \$267,689,396. While mineral lease bonus revenue increased by \$10,990,357 due to expiration of certain leases in productive areas, royalties decreased by \$46,954,675, and investment income decreased by \$24,779,937 from a shift in vehicle type in the public fixed income portfolio. The change in fair value of investments increased by \$245,784,652 for fiscal year 2025 attributed to stronger performance in US and International public equity markets.

During the fiscal year ending June 30, 2024, the Department's revenues decreased by a total of \$4,372,974. While mineral lease bonus revenue increased by \$3,760,079 due to expiration of certain leases in productive areas, investment income decreased by \$25,613,095 from a reduction in the global tactical asset allocation and lower distributions received from real estate investments. The change in fair value of investments indicated a net gain of \$314,186,189 for fiscal year 2024 attributed to stronger performance in the public equity market.

During the fiscal year ending June 30, 2023, the Department's revenues increased by a total of \$1,071,098,032. Royalty revenues increased by \$25,043,354 due to higher oil and gas prices during fiscal year 2023. In addition, oil extraction tax revenues increased by \$109,514,024, and gross production tax increased by \$187,744,128 due to additional tax revenue to the State. Mineral lease bonus revenue increased by \$39,180,185 due to fewer mineral lease bonus refunds in fiscal year 2023 pursuant to N.D.C.C. §61-33.1. The change in fair value of investments indicated a net gain of \$740,407,765 for fiscal year 2023 attributed to stronger performance in the public equity market.

Financial Analysis of the Government's Funds

As noted earlier, the Department uses fund accounting to ensure and demonstrate compliance with finance-related constitutional and legislative requirements.

Governmental funds. The focus of the Department's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the Department's financing requirements.

Capital Asset

The Department's capital assets for its governmental funds as of June 30, 2025, 2024 and 2023 are \$14,264,631, \$11,634,706, and \$10,520,588 (net of accumulated depreciation/amortization), respectively. These capital assets include land, equipment, Microsoft Dynamics software and subscription-based IT software license arrangements. See Note 15 to Financials Statements for additional details on capital assets.

Economic Factors and Outlook

The Department's economic well-being continues to be closely tied to the performance of the mineral industry. Primary source of revenue is mineral royalties generated from oil production activities as well as oil and gas income tax. Over the past year, the Department has experienced a decline in royalty revenues, while oil and gas tax receipts have increased slightly due to the distribution formula. Both production levels and realized prices have seen modest declines compared to the prior year. As a result, the total value of royalties collected has decreased. Looking ahead, the Department remains cautiously optimistic. While market prices remain volatile, production levels have stabilized.

Surface rentals continue to be a strong source of revenue, with both cropland and grassland rental rates showing steady increases. Although crop prices for corn, soybeans, and wheat have declined due to trade tensions with international buyers, cropland rental rates have remained stable. Meanwhile, the cattle market has reached an all-time high, driven by historically low cattle inventories and sustained consumer demand, which has contributed to higher grassland rental rates. Additionally, revenue from encumbrance payments—such as those related to pipelines and electric transmission lines—has increased over the year, largely due to several major infrastructure projects relating to the mineral industry.

The past year's macroeconomic environment was shaped by U.S. election-driven policy uncertainty and global trade tensions. Equity markets briefly fell into bear territory during the "tariff tantrum" in spring 2025 but rebounded, led by AI-related spending. Looking ahead, monetary policy easing is expected, though persistent inflation remains a risk. The Federal Reserve began cutting rates in September 2025, creating potential inflationary pressures when combined with tariffs. While lower rates may revive private equity and real estate deal activity, global markets could remain volatile due to trade disputes, geopolitical uncertainty, and inflation risks.

Requests for Information

This financial report is designed to provide a general overview of the Department's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the ND Department of Trust Lands, 1707 N 9th St., Bismarck, ND, 58501.

ND Department of Trust Lands

Statement of Net Position

June 30, 2025 and 2024

	2025 Governmental Activities	2024 Governmental Activities
Assets:		
Cash	\$997,639,235	\$535,885,735
Investments	9,082,558,002	7,983,110,808
Interest receivable	15,264,045	12,563,732
Accounts receivable	60,598,853	61,174,243
Invested securities lending collateral	155,952,881	213,760,500
Loans		
Farm loans	2,082,342	2,243,893
School loans - Coal	30,611,395	31,315,638
Energy impact loans	6,509,947	7,363,954
Capital asset – land	7,736,490	7,736,490
Capital asset – depreciable (net of accumulated depreciation/amortization)	6,528,140	3,898,217
Due from other state agencies	76,839,293	187,099,124
Total Assets	10,442,320,623	9,046,152,334
Deferred Outflows of Resources:		
Deferred pension outflows	1,863,641	2,418,777
Deferred Other post-employment benefits outflows	47,213	62,736
Total Deferred Outflows of Resources	1,910,854	2,481,513
Liabilities:		
Accounts payable		
Investments	361,218	464,986
Payroll	384,629	351,238
Operating	165,263	466,319
Securities lending collateral	155,952,881	213,760,500
Due to other state agencies	25,363,797	222,555
Claimant liability	48,141,610	40,201,764
Long-term liabilities		
Compensated absences due within one year	69,512	14,260
Compensated absences due in more than one year	428,598	252,694
SBITAs due within one year	183,573	183,573
SBITAs due in more than one year	1,669,233	1,870,551
Pension liability	3,780,644	3,357,242
Other post-employment benefits liability	118,730	127,592
Total Liabilities	236,619,688	261,273,274
Deferred Inflows of Resources:		
Deferred pension inflows	1,821,959	2,694,651
Deferred other post-employment benefits inflows	26,435	34,612
Total Deferred Inflows of Resources	1,848,394	2,729,263
Net Position:		
Net investment in capital assets	12,411,824	9,580,583
Restricted		
Nonexpendable	74,639,618	73,623,582
Expendable	8,384,000,599	7,391,101,408
Unrestricted	1,734,711,354	1,310,325,737
Total Net Position	\$10,205,763,395	\$8,784,631,310

See Notes to the Financial Statements

ND Department of Trust Lands
Statement of Activities
June 30, 2025

2025				
Functions/Programs of Governmental activities:	Program Revenues			Net (Expense) Revenue
	Expenses	Charges for Services	Operating Grants and Contributions	
General government	\$21,991,982	\$ -	\$ -	\$ (21,991,982)
Education	29,153,671	13,379,262	1,158,206,613	1,142,432,204
Total	\$51,145,653	\$13,379,262	\$1,158,206,613	\$ 1,120,440,222
Net (expense) revenue				1,120,440,222
General revenues:				
Taxes:				
Coal severance				1,334,406
Oil extraction				266,408,980
Gross production				255,426,135
Contributions to special revenue fund				16,372,521
Unrestricted investment earnings				66,212,670
Net increase (decrease) in fair value of investments				16,806,718
Royalties				183,907,310
Bonuses				11,049,782
Rents				313,165
Loan income				502,295
Interest Income				8,028
Transfers:				
To/from other state agencies				(253,499,197)
Educational institutions				(264,150,950)
Total general revenues and transfers				300,691,863
Total change in net position				1,421,132,085
Net position – beginning of year				8,784,631,310
Net position – ending				<u><u>\$10,205,763,395</u></u>

See Notes to the Financial Statements

ND Department of Trust Lands
Statement of Activities
June 30, 2024

2024				
Functions/Programs of Governmental activities:	Program Revenues			Net (Expense) Revenue
	Expenses	Charges for Services	Operating Grants and Contributions	
General government	\$ 11,223,852	\$ -	\$ -	\$ (11,223,852)
Education	27,544,019	6,957,233	972,703,704	952,116,918
Total	\$ 38,767,871	\$ 6,957,233	\$ 972,703,704	\$ 940,893,066
Net (expense) revenue				940,893,066
General revenues:				
Taxes:				
Coal severance				1,366,661
Oil extraction				247,116,776
Gross production				210,992,848
Contributions to special revenue fund				6,341,407
Unrestricted investment earnings				37,559,320
Net increase (decrease) in fair value of investments				28,570,754
Royalties				209,350,526
Bonuses				575,228
Rents				254,596
Loan income				441,034
Interest income				8,401
Transfers:				
To/from other state agencies				(932,852,458)
Educational institutions				(264,150,950)
Total general revenues and transfers				(454,425,857)
Total change in net position				486,467,209
Net position – beginning of year				8,298,164,101
Net position – ending				<u><u>\$8,784,631,310</u></u>

See Notes to the Financial Statements

ND Department of Trust Lands
Balance Sheet
June 30, 2025

North Dakota Department of Trust Lands Balance Sheet Governmental Funds For the Year Ended June 30, 2025						
	General Fund	Common Schools Trust Fund	Coal Development Fund	Strategic Investment & Improvements Fund	Other Governmental Funds	Total
Assets:						
Cash	\$ 674,689	\$ 192,764,920	\$ 4,077,684	\$ 780,588,285	\$ 19,533,657	\$ 997,639,235
Investments		7,746,332,470	33,913,953	888,253,342	414,058,237	9,082,558,002
Interest receivable		6,990,651	411,327	7,394,977	467,090	15,264,045
Accounts receivable		33,623,888		24,969,799	2,005,166	60,598,853
Invested securities lending collateral			5,713,321	149,233,998	1,005,562	155,952,881
Due from other state agencies		15,046,241	148,813	61,644,239		76,839,293
Loans						
<i>Farm loans</i>		1,917,644			164,698	2,082,342
<i>School loans - Coal</i>			30,611,395			30,611,395
<i>Energy impact loans</i>			6,509,947			6,509,947
Total Assets	<u>\$ 674,689</u>	<u>\$ 7,996,675,814</u>	<u>\$ 81,386,440</u>	<u>\$ 1,912,084,640</u>	<u>\$ 437,234,410</u>	<u>\$ 10,428,055,993</u>
Liabilities:						
Securities lending collateral	\$ -	\$ -	\$ 5,713,321	\$ 149,233,998	\$ 1,005,562	\$ 155,952,881
Accounts payable						
<i>Investments</i>		213,113	(174)	131,017	17,262	361,218
<i>Salaries and benefits</i>		286,706	-	79,565	18,358	384,629
<i>Operating</i>		105,895	-	55,725	3,643	165,263
Due to other state agencies	2	109,584	104,243	25,142,076	7,892	25,363,797
Claimant liability		48,141,610				48,141,610
Total Liabilities	<u>2</u>	<u>48,856,908</u>	<u>5,817,390</u>	<u>174,642,381</u>	<u>1,052,717</u>	<u>230,369,398</u>
Equity:						
Fund Balance:						
Permanent funds						
<i>Nonspendable</i>			74,639,618			74,639,618
<i>Committed</i>			929,432			929,432
Special revenue funds						
<i>Restricted</i>		7,947,818,906			436,181,693	8,384,000,599
<i>Committed</i>				1,694,316,856		1,694,316,856
<i>Assigned</i>				43,125,403		43,125,403
<i>Unassigned</i>	674,687					674,687
Total Fund Balance	<u>674,687</u>	<u>7,947,818,906</u>	<u>75,569,050</u>	<u>1,737,442,259</u>	<u>436,181,693</u>	<u>10,197,686,595</u>
Total Liabilities and Fund Balances	<u>\$ 674,689</u>	<u>\$ 7,996,675,814</u>	<u>\$ 81,386,440</u>	<u>\$ 1,912,084,640</u>	<u>\$ 437,234,410</u>	<u>\$ 10,428,055,993</u>
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position						
Total fund balances - governmental funds						\$10,197,686,595
Capital Asset - Land						7,736,490
Net book value:						
Equipment						35,874
IT system enhancements						4,636,522
Subscription-Based IT Arrangements						1,855,744
Long-Term Liabilities:						
Subscription-Based IT Arrangements						(1,852,806)
Compensated absences						(498,110)
Net OPEB liability						(118,730)
Deferred OPEB outflows						47,213
Deferred OPEB inflows						(26,435)
Net pension liability						(3,780,644)
Deferred pension outflows						1,863,640
Deferred pension inflows						(1,821,959)
Net position of governmental activities						<u>\$10,205,763,395</u>

ND Department of Trust Lands
Balance Sheet
June 30, 2024

North Dakota Department of Trust Lands

Balance Sheet

Governmental Funds

Fiscal Year Ended June 30, 2024

	General Fund	Common Schools Trust Fund	Coal Development Trust Fund	Strategic Investment & Improvements Fund	Other Governmental Funds	Total
Assets:						
Cash	\$ 750,498	\$ 235,310,155	\$ 2,982,353	\$ 272,814,552	\$ 24,028,177	\$ 535,885,735
Investments		6,741,604,684	32,188,282	843,178,197	366,139,645	7,983,110,808
Interest receivable		5,510,336	361,509	6,178,772	513,115	12,563,732
Accounts receivable		34,850,216	-	23,821,899	2,502,128	61,174,243
Invested securities lending collateral		-	12,181,248	198,481,857	3,097,395	213,760,500
Due from other state agencies		19,597,900	215,759	167,285,465	-	187,099,124
Loans						-
<i>Farm loans</i>		2,066,467	-	-	177,426	2,243,893
<i>School loans - Coal</i>		-	31,315,638	-	-	31,315,638
<i>Energy impact loans</i>		-	7,363,954	-	-	7,363,954
Total Assets	<u>\$ 750,498</u>	<u>\$ 7,038,939,758</u>	<u>\$ 86,608,743</u>	<u>\$ 1,511,760,742</u>	<u>\$ 396,457,886</u>	<u>\$ 9,034,517,627</u>
Liabilities:						
Securities lending collateral	\$ -	\$ -	\$ 12,181,248	\$ 198,481,857	\$ 3,097,395	\$ 213,760,500
Accounts payable						
<i>Investments</i>		324,705	1,770	113,398	25,114	464,986
<i>Salaries and benefits</i>		260,023	-	74,112	17,104	351,238
<i>Operating</i>		312,053	(1,799)	137,094	18,971	466,319
Due to other state agencies	-	36,349	151,031	32,416	2,759	222,555
Claimant liability	-	40,201,764	-	-	-	40,201,764
Total Liabilities	<u>-</u>	<u>41,134,893</u>	<u>12,332,250</u>	<u>198,838,876</u>	<u>3,161,343</u>	<u>255,467,362</u>
Equity:						
Fund Balance:						
Permanent funds						
<i>Nonspendable</i>	-	-	73,623,582	-	-	73,623,582
<i>Committed</i>	-	-	652,911	-	-	652,911
Special revenue funds						-
<i>Restricted</i>	-	6,997,804,865	-	-	393,296,543	7,391,101,408
<i>Committed</i>	-	-	-	1,269,855,463	-	1,269,855,463
<i>Assigned</i>	-	-	-	43,066,403	-	43,066,403
<i>Unassigned</i>	750,498	-	-	-	-	750,498
Total Fund Balance	<u>750,498</u>	<u>6,997,804,865</u>	<u>74,276,493</u>	<u>1,312,921,866</u>	<u>393,296,543</u>	<u>8,779,050,265</u>
Total Liabilities and Fund Balances	<u>\$ 750,498</u>	<u>\$ 7,038,939,758</u>	<u>\$ 86,608,743</u>	<u>\$ 1,511,760,742</u>	<u>\$ 396,457,886</u>	<u>\$ 9,034,517,627</u>

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position

Total fund balances - governmental funds	\$8,779,050,265
Capital asset - land	7,736,490
Net book value	
Equipment	11,340
IT system enhancements	1,772,212
Subscription-based IT arrangements	2,114,665
Long-term liabilities	
Subscription-based IT arrangements	(2,054,124)
Compensated absences	(266,954)
Net OPEB liability	(127,592)
Deferred OPEB outflows	62,736
Deferred OPEB inflows	(34,612)
Net pension liability	(3,357,242)
Deferred pension outflows	2,418,777
Deferred pension inflows	(2,694,651)
Net position of governmental activities	<u>\$8,784,631,310</u>

ND Department of Trust Lands

Statement of Revenues, Expenditures and Changes in Fund Balance

June 30, 2025

North Dakota Department of Trust Lands Statement of Revenues, Expenditures and Changes in Fund Balance Governmental Funds For the Year Ended June 30, 2025						
	General Fund	Common Schools Trust Fund	Coal Development Trust Fund	Strategic Investment & Improvements Fund	Other Governmental Funds	Total
Revenues:						
Investment income	\$ -	\$ 54,592,125	\$ 1,229,136	\$ 54,501,137	\$ 3,729,687	\$ 114,052,085
Interest income	8,028					8,028
Loan income						
<i>Farm loans</i>		152,973			13,084	166,057
<i>School loans - Coal</i>			502,295			502,295
Net increase (decrease) in fair value of investments		756,615,632	615,713	16,082,638	40,328,543	813,642,526
Securities lending income (loss)			371,657	9,707,813	65,413	10,144,883
Royalties		262,681,481		182,226,991	16,720,036	461,628,508
Bonuses		7,277,792		11,049,782	299,434	18,627,008
Rental income		16,690,095		54,163	1,490,933	18,235,191
Coal severance tax			1,334,406			1,334,406
Gross production tax				255,426,135		255,426,135
Oil extraction tax		100,386,461		166,022,519		266,408,980
Unclaimed property collections		16,372,521				16,372,521
Indirect recovery costs	13,379,262					13,379,262
Total Revenues	13,387,290	1,214,769,080	4,053,207	695,071,178	62,647,130	1,989,927,885
Expenditures:						
Current						
<i>General government</i>			373,655	23,988,583	125,499	24,487,737
<i>Education</i>	13,463,101	14,825,039			865,531	29,153,671
Total Expenditures	13,463,101	14,825,039	373,655	23,988,583	991,030	53,641,408
Excess of revenue over (under) expenditures	(75,811)	1,199,944,041	3,679,552	671,082,595	61,656,100	1,936,286,477
Other Financing Sources (Uses):						
Transfer to Public Instruction		(249,930,000)				(249,930,000)
Transfer to Educational Institutions					(14,220,950)	(14,220,950)
Transfer to Lignite Research Fund			(934,084)			(934,084)
Transfer to State General Fund			(1,452,911)	(25,000,000)		(26,452,911)
Transfer to Facilities Management					(4,550,000)	(4,550,000)
Transfer to Commerce Department				(10,000,000)		(10,000,000)
Transfer to Deferred Maintenance Funding Pool				(5,948,824)		(5,948,824)
Transfer to Health & Human Services				(13,787,648)		(13,787,648)
Transfer to Office of Management & Budget				(1,631,602)		(1,631,602)
Transfer to Department of Public Instruction				(19,493,086)		(19,493,086)
Transfer to State Historical Society				(300,000)		(300,000)
Transfer to North Dakota University System				(170,775,000)		(170,775,000)
Transfer from Commerce Department				373,958		373,958
Total Other Financing Sources (Uses)	0	(249,930,000)	(2,386,995)	(246,562,202)	(18,770,950)	(517,650,147)
Net Change in Fund Balance	(75,811)	950,014,041	1,292,557	424,520,393	42,885,150	1,418,636,330
Fund Balance - beginning	750,498	6,997,804,865	74,276,493	1,312,921,866	393,296,543	8,779,050,265
Fund Balance - ending	\$ 674,687	\$ 7,947,818,906	\$ 75,569,050	\$ 1,737,442,259	\$ 436,181,693	\$ 10,197,686,595
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities						
Net change in fund balance						\$1,418,636,330
Capital outlay						4,413,528
Depreciation/amortization expense:						
Equipment						(11,105)
IT system enhancements						(1,513,580)
Subscription-based IT arrangements						(258,920)
Net changes in Subscription-based IT arrangements other than amortization						201,318
Increase in compensated absences liability						(231,156)
Decrease in net OPEB liability						8,862
Changes in deferred outflows and inflow resources related to net OPEB liability						(7,346)
Increase in net pension liability						(423,402)
Changes in deferred outflows and inflows resources related to net pension liability						317,556
Change in net position of governmental activities						<u>\$1,421,132,085</u>

ND Department of Trust Lands
Statement of Revenues, Expenditures and Changes in Fund Balance
June 30, 2024

North Dakota Department of Trust Lands Statement of Revenues, Expenditures and Changes in Fund Balance Governmental Funds Fiscal Year Ended June 30, 2024						
	General Fund	Common Schools Trust Fund	Coal Development Trust Fund	Strategic Investment & Improvements Fund	Other Governmental Funds	Total
Revenues:						
Investment income	\$ -	\$ 95,589,131	\$ 1,212,516	\$ 27,589,558	\$ 6,609,017	\$ 131,000,222
Interest income	8,401	-	-	-	-	8,401
Loan income	-	-	-	-	-	-
<i>Farm loans</i>	-	236,096	-	-	20,194	256,290
<i>School loans - Coal</i>	-	-	441,034	-	-	441,034
Net increase (decrease) in fair value of investments	-	510,701,823	1,628,119	26,528,644	28,999,288	567,857,874
Securities lending income	-	9,205,566	468,792	7,638,519	634,461	17,947,338
Royalties	-	282,197,359	-	207,024,976	19,360,848	508,583,183
Bonuses	-	6,576,000	-	575,228	485,423	7,636,651
Rental income	-	14,211,701	-	59,191	1,461,679	15,732,571
Coal severance tax	-	-	1,366,661	-	-	1,366,661
Gross production tax	-	-	-	210,992,848	-	210,992,848
Oil extraction tax	-	126,152,811	-	120,963,965	-	247,116,776
Unclaimed property collections	-	6,341,407	-	-	-	6,341,407
Indirect recovery costs	6,957,233	-	-	-	-	6,957,233
Total Revenues	6,965,634	1,051,211,894	5,117,122	601,372,929	57,570,910	1,722,238,489
Expenditures:						
Current						
General government	-	-	469,432	9,488,700	167,326	10,125,458
Education	6,843,973	19,552,319	-	-	1,147,727	27,544,019
Total Expenditures	6,843,973	19,552,319	469,432	9,488,700	1,315,053	37,669,477
Excess of revenue over expenditures	121,661	1,031,659,575	4,647,690	591,884,229	56,255,857	1,684,569,012
Other Financing Sources (Uses):						
Transfer to Public Instruction	-	(249,930,000)	-	-	-	(249,930,000)
Transfer to Educational Institutions	-	-	-	-	(14,220,950)	(14,220,950)
Transfer to Lignite Research Fund	-	-	(956,663)	-	-	(956,663)
Transfer to State General Fund	-	-	(1,237,168)	(25,000,000)	-	(26,237,168)
Transfer to Facilities Management	-	-	-	-	(1,250,000)	(1,250,000)
Transfer to Agricultural Commissioner	-	-	-	(6,500,000)	-	(6,500,000)
Transfer to Bank of North Dakota	-	-	-	(10,500,000)	-	(10,500,000)
Transfer to Career & Technical Education	-	-	-	(26,512,500)	-	(26,512,500)
Transfer to Commerce	-	-	-	(137,000,000)	-	(137,000,000)
Transfer to Corrections & Rehabilitation	-	-	-	(135,057,000)	-	(135,057,000)
Transfer to Health & Human Services	-	-	-	(30,192,148)	-	(30,192,148)
Transfer to Industrial Commission	-	-	-	(70,500,000)	-	(70,500,000)
Transfer to Information Technology	-	-	-	(15,000,000)	-	(15,000,000)
Transfer to Office of Management & Budget	-	-	-	(54,987)	-	(54,987)
Transfer to Park & Recreation	-	-	-	(26,950,000)	-	(26,950,000)
Transfer to Public Employees Retirement System Fund	-	-	-	(135,000,000)	-	(135,000,000)
Transfer to Secretary of State	-	-	-	(1,500,000)	-	(1,500,000)
Transfer to State Historical Society	-	-	-	(3,250,000)	-	(3,250,000)
Transfer to Transportation Department	-	-	-	(179,000,000)	-	(179,000,000)
Transfer to North Dakota University System	-	-	-	(63,133,480)	-	(63,133,480)
Transfer to Upper Great Plains Transportation	-	-	-	(93,732,600)	-	(93,732,600)
Transfer from North Dakota Legacy Fund	-	-	-	29,474,088	-	29,474,088
Total Other Financing Sources (Uses)	-	(249,930,000)	(2,193,831)	(929,408,627)	(15,470,950)	(1,197,003,408)
Net Change in Fund Balance	121,661	781,729,575	2,453,859	(337,524,398)	40,784,907	487,565,604
Fund balance - beginning	628,837	6,216,075,290	71,822,634	1,650,446,264	352,511,636	8,291,484,661
Fund Balance - ending	\$ 750,498	\$ 6,997,804,865	\$ 74,276,493	\$ 1,312,921,866	\$ 393,296,543	\$ 8,779,050,265

**Reconciliation of the Governmental Funds Statement of Revenues,
Expenditures and Changes in Fund Balance to the Statement of Activities**

Net change in fund balance	\$487,565,604
Depreciation/amortization expense:	
Equipment	(4,780)
IT system enhancements	(995,766)
Subscription-based IT arrangements	(76,337)
Net changes in Subscription-based IT arrangements other than amortization	67,654
Increase in compensated absences liability	(50,656)
Decrease in net OPEB liability	36,065
Changes in deferred outflows and inflow resources realted to net OPEB liability	(23,553)
Decrease in net pension liability	1,694,971
Changes in deferred outflows and inflows resources related to net pension liability	(1,745,992)
Change in net position of governmental activities	\$486,467,209

ND Department of Trust Lands
Statement of Fiduciary Net Position
June 30, 2025 and 2024

	2025 Indian Cultural Education Trust	2024 Indian Cultural Education Trust
<u>Assets</u>		
Cash	\$ 7,063	\$ 4,319
Investments	1,595,460	1,477,919
Interest Receivable	1,396	877
Invested securities lending collateral	-	2,459
Total Assets	<u>1,603,919</u>	<u>1,485,574</u>
<u>Liabilities</u>		
Accounts payable	44	89
Securities lending collateral	-	2,459
Total Liabilities	<u>44</u>	<u>2,548</u>
<u>Net Position</u>		
Net position, restricted for education	<u>1,603,875</u>	<u>1,483,026</u>
Total Net Position	<u><u>\$ 1,603,875</u></u>	<u><u>\$ 1,483,026</u></u>

See Notes to the Financial Statements

ND Department of Trust Lands
Statement of Fiduciary Net Position
June 30, 2025 and 2024

	2025 Theodore Roosevelt Presidential Library and Museum Endowment	2024 Theodore Roosevelt Presidential Library and Museum Endowment
<u>Assets</u>		
Cash	\$ 2,898	\$ 3,605
Investments	57,048,400	53,276,913
Interest Receivable	58,220	(71,076)
Invested securities lending collateral	-	33,660
Total Assets	57,109,518	53,243,102
<u>Liabilities</u>		
Accounts payable	1,584	1,358
Loan payable	-	-
Interest payable	-	-
Securities lending collateral	-	33,660
Total Liabilities	1,584	35,018
<u>Net Position</u>		
Net position, restricted for library	57,107,934	53,208,084
Total Net Position	\$ 57,107,934	\$ 53,208,084

See Notes to the Financial Statements

ND Department of Trust Lands
Statement of Changes in Fiduciary Net Position
June 30, 2025 and 2024

	2025 Indian Cultural Education Trust	2024 Indian Cultural Education Trust
Additions		
Contributions:		
Donations	\$ -	\$ -
Total Contributions	-	-
Investment income:		
Net change in fair value of investments	160,778	136,401
Interest	8,875	25,329
Less investment expense	1,553	3,838
Net Investment Income	168,100	157,892
Securities Lending Activity:		
Securities lending income	-	-
Net Securities Lending Income	-	-
Miscellaneous Income	2,904	2,649
Total Additions	171,004	160,541
Deductions		
Payments in accordance with Trust agreement	49,104	49,104
Administrative expenses	1,051	1,041
Total Deductions	50,155	50,145
Change in net position held in Trust for:		
Indian Cultural Education Trust	120,849	110,396
Total Change in Net Position	120,849	110,396
Net Position – Beginning of Year	1,483,026	1,372,630
Net Position – End of Year	<u>\$ 1,603,875</u>	<u>\$ 1,483,026</u>

See Notes to the Financial Statements

ND Department of Trust Lands
Statement of Changes in Fiduciary Net Position
June 30, 2025 and 2024

	2025 Theodore Roosevelt Presidential Library and Museum Endowment	2024 Theodore Roosevelt Presidential Library and Museum Endowment
Additions		
Contributions:		
Donations	\$ -	\$ -
Total Contributions	-	-
Investment income:		
Net change in fair value of investments	5,754,039	1,867,387
Interest	317,296	346,748
Less investment expense	57,433	52,542
Net Investment Income	6,013,902	2,161,593
Securities Lending Activity:		
Securities lending income	-	-
Net Securities Lending Income	-	-
Miscellaneous Income	418	705
Total Additions	6,014,320	2,162,298
Deductions		
Payments in accordance with Trust agreement	2,113,546	1,916,727
Administrative expense	923	1,406
Interest expense	-	-
Total Deductions	2,114,469	1,918,133
Change in net position held in Endowment for:		
Presidential Library and Museum	3,899,850	244,165
Total Change in Net Position	3,899,850	244,165
Net Position – Beginning of Year	53,208,084	52,963,919
Net Position – End of Year	\$ 57,107,934	\$ 53,208,084

See Notes to the Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**Financial Statements and Reporting Entity**

The North Dakota Department of Trust Lands (Department) is an agency of the State of North Dakota. The Board of University and School Lands (Board) was created under Article IX, Section 3 of the North Dakota State Constitution, and operates through the legislative authority of the N.D.C.C. Title 15, Chapters 47-30.2 and 57-62. The Board is the governing authority of the Department. As a state agency, the Department is considered a department of the State of North Dakota and is included in the State's Comprehensive Annual Financial Report.

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

For financial reporting purposes, the Department has included all funds and has considered all potential component units for which the Department is financially accountable, and other organizations for which the nature and significance of their relationship with the Department are such that exclusion would cause the Department's financial statements to be misleading or incomplete.

The GASB has set forth criteria to be considered in determining financial accountability. This criterion includes appointing a voting majority of an organization's governing body and (1) the ability of the Board to impose its will on that organization or (2) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens, on the Board. Based upon these criteria, there are no component units to be included within the Department's statements and the Department is a reporting entity within the State of North Dakota as a reporting entity.

Fund Accounting Structure

The Department uses funds to report its financial position and the results of its operations. Fund accounting is designed to demonstrate constitutional and legislative compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts. The accounting and reporting treatment applied to a fund is determined by its measurement focus.

Governmental fund balance is classified on a hierarchy that shows, from the highest to the lowest, the level or form of constraints on fund balance and accordingly, the extent to which the Department is bound to honor them: nonspendable, restricted, committed, assigned and unassigned.

The following fund types and funds are used to account for the Department's activities.

General Fund – include operating fund activities financed by the trusts that are legislatively assigned for specified purposes.

The Department maintenance fund is used to pay operating expenses of the department according to N.D.C.C. Chapter 15-03-01.1. The Department maintenance fund is the general fund.

Permanent Fund – report resources that are constitutionally committed for distribution purposes as described in Article X of the State Constitution and N.D.C.C. Chapter 57-61.

The Coal Development Trust fund receives a portion of the coal severance tax. The Trust transfers a portion of the coal severance tax to the lignite research fund for lignite research and clean coal projects as enacted by the legislative assembly for future distribution. As described in N.D.C.C. Chapters 15.1-36 and 57-62, the Trust also makes loans to coal development impacted counties, cities and school districts and low interest loans to school districts for new construction. Interest earned on moneys in the Trust is distributed to the State general fund.

Special Revenue Funds - include fund activities financed by specific revenue sources that are constitutionally and legislatively restricted, committed or assigned to expenditures for specified purposes.

The Perpetual Education Trust funds account for all assets and proceeds as described in Section 11 through 19 of the Enabling Act of 1889, Article IX of the State Constitution and N.D.C.C. Chapter 15-01-02. The beneficiaries of the Common Schools Trust are publicly funded schools, grades K-12. Other beneficiaries of the Perpetual Educational Trust funds are the North Dakota State University, School for the Blind, School for the Deaf, State Hospital, Valley City State University, Mayville State University, Youth Correctional Center, State School of Science, Veterans Home, and the University of North Dakota. Income from the assets held by the Ellendale Trust are allocated equally among Dickinson State University, Minot State University, Dakota College at Bottineau, School for the Blind, Veterans Home, State Hospital, and State College of Science. The benefits of the original grant to the School of Mines are distributed to the University of North Dakota. The Trusts own assets in the form of rangeland, producing and non-producing mineral interests, investment securities, farm loans and an office building. The Common Schools Trust fund is also used to account for unclaimed property collected under the authority of N.D.C.C. Chapter 47-30.2.

The Strategic Investment and Improvements fund (the SIIF) accounts for producing and non-producing mineral interests formerly owned by the Bank of North Dakota (the BND) and State Treasurer, and acres located under navigable streams, rivers, and lakes, which are owned by North Dakota as a sovereign state. The Fund receives revenues from mineral bonuses, mineral royalties, and a portion of the State's share of gross production and oil extraction taxes once certain thresholds are met. In accordance with NDCC 15-08.1-08, the SIIF may be expended as the legislature provide for one-time expenditures related to improving state infrastructure or for initiatives to improve the efficiency and effectiveness of state government.

The Energy Infrastructure and Impact Office (the EIIO) provides grant assistance to counties, cities, school districts and other political subdivisions impacted by oil or gas development through the oil and gas impact grant fund. The program is funded through appropriations enacted by the legislative assembly. The legislative assembly did not provide any funding to the EIIO for the 2023-25 biennium.

The Capitol Building Trust fund was created by the Enabling Act for the benefit of "public buildings at the capital..." The Trust receives revenues from mineral bonuses, mineral royalties, and surface rental income.

The Department reports the Common Schools Trust fund, Coal Development Trust fund, Department's General fund, and Strategic Investment and Improvements Trust fund as major governmental funds.

Private Purpose Trust Fund – accounts for resources of trust arrangements in which principal and income benefit individuals, private organizations, or other governments.

The Indian Cultural Educational Trust "is established for the purpose of generating income to benefit Indian culture." The beneficiary of the Indian Cultural Educational Trust is the Mandan, Hidatsa and Arikara Nation Cultural Education Foundation. The Trust receives revenues from surface rental income.

The Theodore Roosevelt Presidential Library and Museum Endowment fund is created for the purpose of generating income to be used for the operations and maintenance of the library and museum.

Basis for Accounting

Governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as they become susceptible to accrual, generally, when they are both measurable and available. Revenues are considered available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Department generally considers tax and royalty revenues to be available if they are collected within 90 days of the end of the fiscal period.

All revenues in the perpetual funds except for taxes and unclaimed property revenue are presented as program revenues.

The government-wide statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when liability is incurred, regardless of the timing of cash flows.

Budgetary Policies and Procedures

The Department operates through a biennial appropriation provided by the State Legislature and other continuing appropriations. The Department prepares a biennial budget which is included in the Governor's budget that is presented to the General Assembly at the beginning of each legislative session. The General Assembly enacts the budgets of the various state departments through passage of specific appropriation bills. Before signing the appropriation bills, the Governor may veto any specific appropriation, subject to legislative override. Changes to the appropriation are limited to Emergency Commission authorization, initiative, or referendum action. Unexpended appropriations lapse at the end of the biennium.

Due to the lack of a formal revenue budget, a Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual statement cannot be prepared as required by GAAP. In its place, a Schedule of Appropriated Expenditures has been presented. The Schedule of Appropriated Expenditures has been prepared using the modified accrual basis and encumbrance accounting is not employed.

Cash Deposits and Investments

Cash includes all funds deposited with the Bank of North Dakota.

Investments are reported at fair value. All investment income, including changes in the fair value, is recognized in the statements of revenues, expenditures, and changes in fund balance.

Cash for all funds is pooled and invested to the extent possible. Income earned from pooled investments is allocated to each of the funds based on the fund's total contribution to the pool.

Accounts Receivable

Accounts receivable represents accrued amounts on royalty revenue and interest on investments not available on June 30, 2025, and 2024, respectively for funding of current operations. Most of the accrued royalty revenue is expected to be collected within the first 90 days following June 30, 2025, and 2024, respectively. All receivables are considered collectible.

Loans

Loans are stated at their outstanding unpaid principal balance. The interest income on loans is accrued at a specific rate on the unpaid principal balance.

The accrual of interest on loans is discontinued when, in management's opinion, the borrower may be unable to meet payments as they become due. When interest accrual is discontinued, all unpaid accrued interest is reversed. Interest income is subsequently recognized only to the extent cash payments are received.

Allowance for Loan Losses

The Department uses the allowance method in providing for loan losses. Accordingly, the allowance is increased or reduced by the current period's provision of loan losses charged to operations and reduced by net charge-offs.

The adequacy of the allowance for loan losses and the provisions for loan losses charged to operations are based on management's evaluation of several factors, including recent loan loss experience, continuous evaluation of the loan portfolio quality including estimated value of any underlying collateral, current and anticipated economic conditions, and other pertinent factors. Loans are charged to the allowance when management believes the collection of the principal is doubtful. Based on this assessment there was no allowance for loan losses on June 30, 2025, or June 30, 2024.

Claimant Liability

Claimant liability represents the value of property escheated to the Department and expected to be repaid to the rightful owners or their heirs. Escheated property can be reclaimed into perpetuity and thus is a liability for the amounts expected to be reclaimed and paid.

Capital Assets

Capital assets include original grant, pre-1980 acquired properties and cancelled contract lands valued at \$10.00 per acre, and post-1980 acquired properties valued at historical cost or fair value, and equipment valued at historical cost or at estimated historical cost if actual cost is not available. Donated capital assets are valued at their acquisition value on the date of donation.

All other capital assets with an original cost of \$5,000 or more per unit, and an estimated useful life of more than one year, are capitalized and reported in the applicable governmental activities' columns in the government-wide financial statements in accordance with N.D.C.C. Chapter 54-27-21. Normal maintenance and repair costs that do not materially add to the value or extend the life of the asset are not capitalized.

Capital assets in Governmental Funds are recorded as expenditures in the funds used to acquire or construct them in the governmental fund financial statements. Capital assets, along with equipment, accumulated depreciation, and depreciation expense, are reported in the applicable governmental activities' columns in the government-wide financial statements.

Land is not depreciated. Other capital assets are depreciated using the straight-line method over 3 to 10 years for all furniture and equipment.

Subscription-Based Information Technology Arrangements (SBITAs)

Right to use subscription IT assets are recognized at the subscription commencement date and represent the Department's right to use the underlying IT asset for the subscription term. Right to use subscription IT assets are measured at the initial value of the subscription liability plus any payments made to the vendor at the commencement of the subscription term, less any subscription incentives received from the vendor at or before the commencement of the subscription term, plus any capitalizable initial implementation costs necessary to place the subscription asset into service. Right to use subscription IT assets are amortized over the shorter of the subscription term or useful life of the underlying asset using the straight-line method. The amortization period varies from 5 to 10 years.

Subscription liabilities represent the Department's obligation to make subscription payments arising from the subscription contract. Subscription liabilities are recognized at the subscription commencement date based on the present value of future subscription payments expected to be made during the subscription term. The present value of subscription payments are discounted based on a borrowing rate determined by the Department. The additional disclosures required by this standard are included in Note 15 Capital Assets and Note 21 Long-Term Liabilities.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the North Dakota Public Employees Retirement System (NDPERS) and additions to/deductions from NDPERS' fiduciary net position have been determined on the same basis as they are reported by NDPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other Post- Employment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the North Dakota Public Employees Retirement System (NDPERS) and additions to/deductions from NDPERS' fiduciary net position have been determined on the same basis as they are reported by NDPERS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Outflows / Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and will *not* be recognized as an outflow of resources (expense/ expenditure) until then. The Department has two items reported on the statement of net position as *cost sharing defined benefit pension plan and cost sharing defined benefit OPEB*, which represents actuarial differences within the NDPERS pension plans. See Notes 22 and 23 to financial statements for additional details on the Department's Pension Plan and OPEB Plan.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and will *not* be recognized as an inflow of resources (revenue) until that time. The Department has two types of items, which arise only under a modified accrual basis of accounting that qualifies for reporting in this category. See Notes 22 and 23 to financial statements for additional details on the Department's Pension Plan and OPEB Plan.

Compensated Absences Payable

N.D.C.C. Chapter 54-06-14 allows employees to accrue annual leave at a varying rate between one and two days per month based on years of service. In general, accrued annual leave cannot exceed thirty days at each calendar year end. Employees are paid for unused annual leave upon termination or retirement.

Sick leave is accrued at the rate of one day per month without limitation on the amount that can be accumulated. Employees vest in sick leave at ten years of service at which time the State is liable for ten percent of the employee's accumulated unused sick leave.

Assets of the maintenance fund are used to pay off these liabilities.

Accounting Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Indirect Recovery Costs

N.D.C.C. Chapter 15-03-01.2 created a special fund designated as the state lands maintenance fund (general fund), which is funded by the trust assets. All administrative salaries and operating expenses of the Department must be paid from the state lands maintenance fund (general fund). The indirect recovery costs represent the reimbursement of these expenditures.

NOTE 2 – PERPETUAL FUND DISTRIBUTION POLICY

According to Section 2 of Article IX of the North Dakota State Constitution, biennial distributions from the perpetual trust funds must be ten percent of the five-year average value of trust assets, excluding the value of lands and minerals. The average value of trust assets is determined by using the ending net value of each trusts' financial assets for the fiscal year that ends one year before the beginning of the biennium and the assets' ending value for the four preceding fiscal years. Equal amounts must be distributed during each year of the biennium.

NOTE 3 - ORGANIZATION AND RELATED PARTY TRANSACTIONS

As stated in Note 1, the Department is an entity of the state of North Dakota and as such, other state agencies of the state and political subdivisions are related parties.

NOTE 4 – CASH

Custodial Credit Risk

State law generally requires that all state funds be deposited in the Bank of North Dakota. The N.D.C.C. Chapter 21-04-01 provides that public funds belonging to or in custody of the state shall be deposited in the Bank of North Dakota. Also, N.D.C.C. Chapter 6-09-07 states, "[a]ll state funds ... must be deposited in the Bank of North Dakota" or must be deposited in accordance with constitutional and statutory provision.

The carrying amount of deposits with the Bank of North Dakota as of June 30, 2025, was \$997,649,196 and the bank balance \$997,679,196. As of June 30, 2024, the carrying amount of deposits with the Bank of North Dakota was \$535,893,659 and the bank balance was \$535,893,659. Any differences result from timing differences of deposits processed by the Bank at year-end. These deposits are exposed to custodial credit risk as uninsured and uncollateralized. However, deposits held at the BND are guaranteed by the State of North Dakota through N.D.C.C. Chapter 6-09-10.

NOTE 5 – FUND BALANCE AND NET POSITION CLASSIFICATION

The following fund balance and net position classifications describe the spending constraints placed on the purpose for which resources can be used:

Nonspendable: this classification includes amounts that cannot be spent because they are either (a) not in a spendable form or (b) legally or contractually required to be maintained intact as directed by legislation or the state constitution.

The Coal Development Trust fund was established by Article X of the State Constitution. This fund is held in trust and administered by the Board for loans to coal impacted counties, cities, and school districts and for loans to school districts throughout the state. The Coal Development Trust fund balance includes the corpus (or principal) of this fund and the long-term portion of loans receivable, therefore is not in spendable form.

Restricted: this classification includes amounts for which constraints have been placed on the use of the resources either (a) imposed by the beneficiary of the assets or (b) imposed by law through constitutional provisions or enabling legislation.

The Common School and other Perpetual Education trust funds were created under the State Constitution to support school and public institutions. All revenue resources are restricted for the purpose of distributions to the beneficiaries.

The Capitol Building fund was created under the State Constitution for the construction and maintenance of public buildings at the capital. The entire balance of the trust is subject to legislative appropriation in each biennium.

Committed: this classification includes amounts that can be used only for the specific purpose imposed by formal action of the legislative assembly or the Board.

The Coal Development Trust fund was established by Article X of the State Constitution. Any changes to the fund balance commitment would require a referendum and vote of the people of the State of North Dakota. Interest earned on the money held in this trust will first replace uncollectable loans made from this trust, and any remaining balance will be transferred to the State general fund.

The Strategic Investment and Improvements fund was established by legislation and consists of mineral acres formerly owned by the BND and State Treasurer, minerals located under navigable streams, rivers, and lakes, which are owned by North Dakota as a sovereign state, and various financial assets. The balance of this fund is subject to appropriation by the legislature. Any changes to the fund balance commitment would require action of the legislative assembly to change the North Dakota century code.

Assigned: this classification includes amounts that can be used only for the specific purpose imposed by formal action of the legislative assembly or the Board, but do not meet the criteria to be classified as restricted or committed.

The Strategic Investment and Improvements fund has assigned funds by the Board to indicate that these funds should not be transferred out of this fund until potential title disputes related to riverbed leases have been resolved.

Unassigned: the residual classification for the general fund, as well as reflecting negative residual amounts in other funds.

When both restricted and unrestricted resources are available for use, the Department's preference is to first use restricted resources and then use unrestricted resources as they are needed.

When committed, assigned or unassigned resources are available for use, the Department's preference is to use resources in the following order: 1) restricted, 2) committed, 3) assigned, and 4) unassigned.

ND Department of Trust Lands
Notes to Financial Statements
June 30, 2025 and 2024

Fiscal Year Ended June 30, 2025

Fund Balances	General Fund	Common School Trust Fund	Coal Development Trust Fund	Strategic Investment & Improvements Fund	Other Governmental Fund	Total
Permanent Funds:						
<i>Nonspendable</i>						
Permanent fund principle	\$ -	\$ -	\$ 74,639,618	\$ -	\$ -	\$ 74,639,618
<i>Committed</i>						
Designated for transfer to State general fund	-	-	929,432	-	-	929,432
Special Revenue Funds:						
<i>Restricted</i>						
Distribution to educational beneficiaries	-	7,947,818,906	-	-	428,758,264	8,376,577,170
Capitol building maintenance	-	-	-	-	7,423,429	7,423,429
<i>Committed</i>						
Designated for transfer to (from):						
General Fund of North Dakota	-	-	-	25,000,000	-	25,000,000
Commerce Department	-	-	-	9,626,042	-	9,626,042
Dept of Public Instruction	-	-	-	19,493,086	-	19,493,086
Office of Management & Budget	-	-	-	7,580,426	-	7,580,426
Historical Society	-	-	-	300,000	-	300,000
North Dakota University System	-	-	-	170,775,000	-	170,775,000
Health and Human Services	-	-	-	13,787,648	-	13,787,648
Operating Expenditures	-	-	-	1,447,754,654	-	1,447,754,654
<i>Assigned</i>						
Potential mineral title disputes	-	-	-	43,125,403	-	43,125,403
<i>Unassigned</i>						
Operating Expenditures	\$ 674,687	-	-	-	-	674,687
Total Fund Balances:	\$ 674,687	\$ 7,947,818,906	\$ 75,569,050	\$ 1,737,442,259	\$ 436,181,693	\$10,197,686,595

ND Department of Trust Lands
Notes to Financial Statements
June 30, 2025 and 2024

Fiscal Year Ended June 30, 2024

Fund Balances	General Fund	Common School Trust Fund	Coal Development Trust Fund	Strategic Investment & Improvements Fund	Other Governmental Fund	Total
Permanent Funds:						
<i>Nonspendable</i>						
Permanent fund principle	\$ -	\$ -	\$ 73,623,582	\$ -	\$ -	\$ 73,623,582
<i>Committed</i>						
Designated for transfer to State general fund	-	-	652,911	-	-	652,911
Special Revenue Funds:						
<i>Restricted</i>						
Distribution to educational beneficiaries	-	6,997,804,865	-	-	383,648,230	7,381,453,095
Capitol building maintenance	-	-	-	-	9,648,313	9,648,313
<i>Committed</i>						
Designated for transfer to (from):						
General Fund of North Dakota	-	-	-	25,000,000	-	25,000,000
Agricultural Commissioner	-	-	-	6,500,000	-	6,500,000
Bank of North Dakota	-	-	-	10,500,000	-	10,500,000
Career & Technical Education	-	-	-	26,512,500	-	26,512,500
Commerce Department	-	-	-	137,000,000	-	137,000,000
Corrections & Rehabilitation	-	-	-	135,057,000	-	135,057,000
Health & Human Services	-	-	-	30,192,148	-	30,192,148
Industrial Commission	-	-	-	70,500,000	-	70,500,000
Information Technology	-	-	-	15,000,000	-	15,000,000
Office of Management & Budget	-	-	-	54,987	-	54,987
Park & Recreation	-	-	-	26,950,000	-	26,950,000
Public Employees Retirement System Fund	-	-	-	135,000,000	-	135,000,000
Secretary of State	-	-	-	1,500,000	-	1,500,000
Historical Society	-	-	-	3,250,000	-	3,250,000
Transportation Department	-	-	-	179,000,000	-	179,000,000
North Dakota University System	-	-	-	63,133,480	-	63,133,480
Upper Great Plains Transportation	-	-	-	93,732,600	-	93,732,600
North Dakota Legacy Fund	-	-	-	(29,474,088)	-	(29,474,088)
Operating Expenditures	-	-	-	340,446,836	-	340,446,836
<i>Assigned</i>						
Potential mineral title disputes	-	-	-	43,066,403	-	43,066,403
<i>Unassigned</i>						
Operating Expenditures	750,498	-	-	-	-	750,498
Total Fund Balances:	\$ 750,498	\$ 6,997,804,865	\$ 74,276,493	\$ 1,312,921,866	\$ 393,296,543	\$ 8,799,050,265

NOTE 6 – INVESTMENTS

The Board's investment policy is to invest trust assets in a manner that balances the growth of the portfolio with the need to meet constitutionally required distributions. This is accomplished by investing in a widely diversified portfolio.

N.D.C.C. Chapter 15-03-04 requires that the Board apply the prudent investor rule in investing the funds under its control. Application of the prudent investor rule dictates that investments of the Board should be made using the same judgment and care that an institutional investor of ordinary prudence, discretion, and intelligence exercises in the management of large investments entrusted to it.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of investments. The Board manages its interest rate risk by maintaining a diversified portfolio that contains a wide variety of maturity dates for the debt securities held. The Board has adopted an asset allocation schedule and approves the hiring of all managers within the various asset classes.

The following tables show the investments by investment type, amount and maturity as of June 30, 2025 and 2024, respectively. When callable, maturity is calculated with the first call date.

ND Department of Trust Lands

Notes to Financial Statements

June 30, 2025 and 2024

Fiscal Year 2025

<u>Investment Type</u>	<u>Total Fair Value</u>	<u>Less than 1 Year</u>	<u>1 to 6 Years</u>	<u>6 to 10 Years</u>	<u>More than 10 Years</u>	<u>Maturity Undetermined</u>	<u>Reason Undetermined</u>
Asset Backed Securities	\$37,471,938	-	\$37,471,938	-	-	-	
Bank Loans	-	-	-	-	-	-	
Commercial Mortgage-Backed Corporate Bonds	-	-	-	-	-	-	
Corporate	442,016,180	149,177,324	292,838,856	-	-	-	
Convertible Bonds	-	-	-	-	-	-	
Government	10,999,381	5,997,420	5,001,961	-	-	-	
Agencies	304,818,452	123,175,561	181,642,891	-	-	-	
Government Bonds	-	-	-	-	-	-	
Gov't Mortgage Back Securities	-	-	-	-	-	-	
Municipal/Provincial Bonds	-	-	-	-	-	-	
Non-Government Backed CMOs	-	-	-	-	-	-	
Short Term Bills and Notes	113,086,800	113,086,800	-	-	-	-	
Funds – Corporate Convertible Bond	16,903	-	-	-	-	16,903	
Funds – Fixed Income ETF	23,565	-	-	-	-	23,565	Unclaimed Property
Funds – Other Fixed Income	54,988	-	-	-	-	54,988	Unclaimed Property Non-Fixed Income
Funds – Short Term	592,691,119	591,575,622	-	-	-	1,115,497	Unclaimed Property
Funds – Corporate Bond	81,852	-	-	-	-	81,852	Unclaimed Property
Funds – Municipal/Provincial Bonds	65,378	-	-	-	-	65,378	Unclaimed Property
Funds – Gov't Agencies	925,150,669	925,131	468,116,195	284,940,292	171,149,202	19,850	Unclaimed Property
Total	<u>\$2,426,477,225</u>	<u>\$983,937,858</u>	<u>\$985,071,841</u>	<u>\$284,940,292</u>	<u>\$171,149,202</u>	<u>\$1,378,033</u>	
Limited Partnerships (LP)	\$1,264,239,073	\$157,722,920	\$838,941,271	\$123,844,952	\$51,287,233	\$92,442,697	Non-Fixed Income

ND Department of Trust Lands
Notes to Financial Statements
June 30, 2025 and 2024

Fiscal Year 2024

<u>Investment Type</u>	<u>Total Fair Value</u>	<u>Less than 1 Year</u>	<u>1 to 6 Years</u>	<u>6 to 10 Years</u>	<u>More than 10 Years</u>	<u>Maturity Undetermined</u>	<u>Reason Undetermined</u>
Asset Backed Securities	\$74,092,700	-	\$74,096,524	-	\$(3,824)	-	
Bank Loans	259,852	-	-	259,852	-	-	
Commercial	-	-	-	-	-	-	
Mortgage-Backed Corporate Bonds	303,183,829	121,911,385	181,272,444	-	-	-	
Corporate	-	-	-	-	-	-	
Convertible Bonds							
Government	36,007,965	25,021,668	10,986,298	-	-	-	
Agencies							
Government Bonds	308,911,710	95,392,570	213,519,140	-	-	-	
Gov't Mortgage	-	-	-	-	-	-	
Back Securities							
Municipal/Provincial Bonds	14,364,912	14,364,912	-	-	-	-	
Non-Government	(141,206)	-	-	-	(141,206)	-	
Backed CMOs							
Short Term Bills and Notes	148,654,648	148,654,648	-	-	-	-	
Sukuk	-	-	-	-	-	-	
Funds – Fixed Income ETF	1,051	-	-	-	-	1,051	Unclaimed Property
Funds – Other Fixed Income	707	-	-	-	-	707	Unclaimed Property Non-Fixed Income
Funds – Short Term	210,083,255	210,057,094	-	-	-	26,160	Unclaimed Property
Funds – Corporate Bond	70,069	-	-	-	-	70,069	Unclaimed Property
Funds – Municipal/Provincial Bonds	74,395	-	-	-	-	74,395	Unclaimed Property
Funds – Gov't Agencies	871,693,483	1,743,358	411,432,512	264,990,431	193,512,749	14,433	Unclaimed Property
Total	<u>\$1,967,257,370</u>	<u>\$617,145,635</u>	<u>\$891,306,918</u>	<u>\$265,250,283</u>	<u>\$193,367,719</u>	<u>\$186,815</u>	
Limited Partnerships (LP)	\$1,119,388,714	\$162,520,814	\$730,961,143	\$83,108,452	\$56,552,278	\$86,246,027	Non-Fixed Income

Custodial Risk

Custodial risk is the risk, in the event of the failure of the counterparty to a transaction, the Department will not be able to recover the value of the investment that is in the possession of the outside party. The Department has existing policies in place that limit the custodial risk for investments. The Department is not exposed to any custodial risk for its investment portfolio.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributable to the size of the government's investment in a single issuer. The Department has policies in place to limit the concentration of credit risk for investments. Each investment manager must follow specific portfolio guidelines that set limits for investments in any one corporate entity.

As June 30, 2025, the Department had individual investments in a single issuer representing 10.12%, 6.78%, 6.74%, and 6.08% of total investments, respectively

As June 30, 2024, the Department had individual investments in a single issuer representing 10.85%, 9.07%, 9.00%, and 6.75% of total investments, respectively.

Credit Risk

Credit risk is the risk that an issuer or other counterpart to an investment will not fulfill its obligations. The Board maintains a diversified portfolio of debt securities encompassing a wide range of credit ratings, including securities identified as U.S. Government in the tables below, which are U.S. Treasury and Agency debt securities that are either explicitly or implicitly guaranteed by the U.S. government and thus are considered to have no credit risk. Each fixed income securities manager is given a specific set of guidelines to invest within based on the mandate for which it was hired. The guidelines specify in which range of credit, and to what extent within the ranges, the manager may invest. The following tables present the Board's ratings as of June 30, 2025, and 2024, respectively.

Fiscal Year 2025

	AAA	AAA	A	BBB	BB	B	CCC	CC	Not Rated	US Govt	Total
Asset Backed Securities	\$32,067,057	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,404,881	\$ -	\$ 37,471,938
Corporate Bonds	20,436,670	142,745,006	274,529,870	4,304,634	-	-	-	-	-	-	442,016,180
Government Agencies	10,998,014	1,367	-	-	-	-	-	-	-	-	10,999,381
Government Bonds	--	-	-	-	-	-	-	-	-	304,818,452	304,818,452
Short Term Bills and Notes	-	-	-	-	-	-	-	-	-	113,086,800	113,086,800
Funds – Other Fixed Income	-	-	-	-	-	-	-	-	54,988	-	54,988
Funds – Fixed Income ETF	-	-	-	-	-	-	-	-	23,565	-	23,565
Funds – Short Term Investment	-	-	-	-	-	-	-	-	592,691,119	-	592,691,119
Funds – Corporate Bond	-	-	-	-	-	-	-	-	81,852	-	81,852
Funds – Corporate Convertible Bond	-	-	-	-	-	-	-	-	16,903	-	16,903
Funds – Municipal/Provincial Bond	-	-	-	-	-	-	-	-	65,378	-	65,378
Funds – Government Agencies	-	-	-	-	-	-	-	-	2,360	925,148,309	925,150,669
	\$63,501,741	\$142,746,373	\$247,529,870	\$4,304,634	\$ -	\$ -	\$ -	\$ -	\$598,341,046	\$1,343,053,561	\$2,426,477,225

ND Department of Trust Lands

Notes to Financial Statements

June 30, 2025 and 2024

Fiscal Year 2024

	AAA	AAA	A	BBB	BB	B	CCC	CC	Not Rated	US Govt	Total
Asset Backed Securities	\$56,983,752	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 17,108,948	\$ -	\$ 74,092,700
Bank Loans	-	-	-	-	-	259,852	-	-	-	-	259,852
Corporate Bonds	6,752,110	87,168,010	175,538,712	32,273,748	-	-	-	-	1,451,249	-	303,183,829
Government Agencies	19,011,907	16,996,058	-	-	-	-	-	-	-	-	36,007,965
Government Bonds	6,870,695	-	-	-	-	-	-	-	-	302,041,015	308,911,710
Municipal/Provincial Bonds	9,404,149	3,710,763	-	-	-	-	-	-	1,250,000	-	14,364,912
Non-Government Backed C.M.O.s	-	-	-	-	-	-	-	-	(141,206)	-	(141,206)
Short Term Bills and Notes	-	-	-	-	-	-	-	-	-	148,654,648	148,654,648
Funds – Other Fixed Income	-	-	-	-	-	-	-	-	707	-	707
Funds- Fixed Income ETF	-	-	-	-	-	-	-	-	1,051	-	1,051
Fund – Short Term Investment	-	-	-	-	-	-	-	-	210,083,255	-	210,083,255
Funds – Corporate Bond	-	-	-	-	-	-	-	-	70,069	-	70,069
Funds – Municipal/Provincial Bond	-	-	-	-	-	-	-	-	74,395	-	74,395
Funds – Government Agencies	-	-	-	-	-	-	-	-	2,243	871,691,241	871,693,484
	<u>\$99,022,613</u>	<u>\$107,874,831</u>	<u>\$175,538,712</u>	<u>\$32,273,748</u>	<u>\$ -</u>	<u>\$259,852</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$229,900,712</u>	<u>\$1,322,386,904</u>	<u>\$1,967,257,371</u>

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. The Board treats currency exposure in two different ways, depending on the type of investment. For the Board's international equity portfolio, the currency exposure is not hedged as currency exposure is one of the items that add diversity to the overall portfolio. In the case of foreign bonds, the Board fully hedges the currency exposure as the purpose of this portfolio is to generate more consistent returns. The Board's exposure to foreign currency risk is presented in the following tables:

ND Department of Trust Lands

Notes to Financial Statements

June 30, 2025 and 2024

Fiscal Year 2025

Currency	Debt	Equity	Total
Australian Dollar	\$ -	\$80,192,821	\$80,192,821
Brazilian Real	-	30,712,213	30,712,213
British Pound Sterling	-	48,309,581	48,309,581
Canadian Dollar	-	53,123,201	53,123,201
Chilean Peso	-	4,498,917	4,498,917
Chinese Yuan	-	64,426,126	64,426,126
Columbian Peso	-	415,140	415,140
Czech Koruna	-	143,023	143,023
Danish Krone	-	15,523,298	15,523,298
European Euro	-	301,929,110	301,929,110
Hong Kong Dollar	-	69,756,313	69,756,313
Hungarian Forint	-	2,789,763	2,789,763
Indian Rupee	-	-	-
Indonesian Rupiah	-	3,099,928	3,099,928
Israel Shekel	-	(10,071,571)	(10,071,571)
Japanese Yen	-	187,277,756	187,277,756
Kuwaiti dinar	-	940,136	940,136
Malaysian Ringgit	-	1,911,544	1,911,544
Mexican Peso	-	9,554,379	9,554,379
New Zealand Dollar	-	(1,561,788)	(1,561,788)
Norwegian Krone	-	13,993,569	13,993,569
Pakistani rupee	-	1,672,165	1,672,165
Philippines Peso	-	495,434	495,434
Polish Zloty	-	2,832,825	2,832,825
Qatari riyal (QAR)	-	299,647	299,647
Russian rubles	-	32,062	32,062
Saudi Arabian Riyal	-	524,451	524,451
Singapore Dollar	-	28,969,839	28,969,839
South African Rand	-	(2,003,930)	(2,003,930)
South Korean Won	-	57,545,531	57,545,531
Swedish Krona	-	2,391,711	2,391,711
Swiss Franc	-	84,259,234	84,259,234
Taiwan dollar	-	15,054,403	15,054,403
Thai Baht	-	10,511,950	10,511,950
Turkish Lira	-	18,259,549	18,259,549
UAE dirham	-	2,675,688	2,675,688
	\$ -	\$1,100,484,018	\$1,100,484,018

ND Department of Trust Lands

Notes to Financial Statements

June 30, 2025 and 2024

Fiscal Year 2024

Currency	Debt	Equity	Total
Australian Dollar	\$ -	\$65,357,755	\$65,357,755
Brazilian Real	-	21,529,254	21,529,254
British Pound Sterling	39,393	123,061,782	123,101,175
Canadian Dollar	-	96,683,067	96,683,067
Chilean Peso	-	1,356,481	1,356,481
Chinese Yuan	-	62,713,811	62,713,811
Columbian Peso	-	188,985	188,985
Czech Koruna	-	82,867	82,867
Danish Krone	-	40,759,188	40,759,188
Egyptian Pounds	-	96,776	96,776
European Euro	134,228	287,241,961	287,376,189
Hong Kong Dollar	-	33,442,407	33,442,407
Hungarian Forint	-	1,767,382	1,767,382
Indian Rupee	-	7,441	7,441
Indonesian Rupiah	-	1,876,916	1,876,916
Israel Shekel	-	829,998	829,998
Japanese Yen	-	236,527,383	236,527,383
Kuwaiti dinar	-	336,520	336,520
Malaysian Ringgit	-	892,886	892,886
Mexican Peso	-	(779,241)	(779,241)
New Zealand Dollar	-	454,038	454,038
Norwegian Krone	-	13,887,627	13,887,627
Pakistani rupee	-	301,364	301,364
Philippines Peso	-	75,491	75,491
Polish Zloty	-	7,316,090	7,316,090
Russian rubles	-	33,698	33,698
Saudi Arabian Riyal	-	3,020	3,020
Singapore Dollar	-	12,912,713	12,912,713
South African Rand	-	(2,113,662)	(2,113,662)
South Korean Won	-	54,664,088	54,664,088
Swedish Krona	-	32,715,248	32,715,248
Swiss Franc	-	81,617,104	81,617,104
Taiwan dollar	-	26,254,875	26,254,875
Thai Baht	-	8,025,481	8,025,481
Turkish Lira	-	24,579,578	24,579,578
UAE dirham	-	1,459	1,459
	<u>\$173,621</u>	<u>\$1,234,701,831</u>	<u>\$1,234,875,452</u>

NOTE 7 – SECURITIES LENDING

GASB Statement No. 28, *Accounting and Financial Reporting for Securities Lending Transactions* establishes accounting and financial reporting standards for securities lending transactions. The standard requires governmental entities to report securities lent as assets in their balance sheets. Cash received as collateral and investments made with that cash must also be reported as both an asset and a liability. The statement also requires the costs of the securities lending transactions to be reported as expenses separately from income received. In addition, the statement requires disclosures about the transactions and collateral related to them.

Securities are loaned versus collateral that may include cash; U.S. government securities and select OECD government debt securities; and domestic and international equities from major indices as defined specifically in the non-cash collateral guidelines within the Securities Lending Authorization Agreement. U.S. securities are loaned versus collateral valued at 102% of the fair value of the securities plus any accrued interest. Non-U.S. securities are loaned versus collateral valued at 105% of the market value of the securities plus any accrued interest. In all cases the borrower provides more collateral than the value of securities lent. Therefore, there is no credit risk related to security lending transactions.

Non-cash collateral cannot be pledged or sold unless the borrower defaults.

All securities loans can be terminated on demand by either the lender or the borrower, although the average term of North Dakota Board of University & School Lands loans was approximately 235 days as of June 30, 2025, and 138 days as of June 30, 2024.

Cash open collateral is invested in a short-term investment pool, the NDLAN Custom fund, which had an interest sensitivity of 12 days as of this statement date.

There were no violations of legal or contractual provisions, no borrower or lending agent default losses known to the securities lending agent.

There are no dividends or coupon payments owing on the securities lent. Securities lending earnings are credited to participating clients on approximately the fifteenth day of the following month.

Indemnification deals with the situation in which a client's securities are not returned due to the insolvency of a borrower and Northern Trust has failed to live up to its contractual responsibilities relating to the lending of those securities. Northern Trust's responsibilities include performing appropriate borrower and collateral investment credit analyses, demanding adequate types and levels of collateral, and complying with applicable Department of Labor and Federal Financial Institutions Examination Council regulations concerning securities lending.

Securities lending collateral is invested in investment pools and is not exposed to custodial credit risk.

ND Department of Trust Lands

Notes to Financial Statements

June 30, 2025 and 2024

The following represents the Board's balances related to securities lending transactions at June 30, 2025 and 2024.

Fiscal Year 2025

Security Type	Underlying Securities on Loan for Cash	Cash Collateral	Underlying Securities on Loan for Non-Cash Collateral	Non-Cash Collateral
GLOBAL Government Fixed	\$ -	\$ -	\$ 128,498,959	\$ 137,207,197
US Corporate Fixed	37,353,635	38,042,607	-	-
US Government Fixed	115,870,889	117,910,274	42,194,155	43,043,634
	<u>\$ 153,224,524</u>	<u>\$ 155,952,881</u>	<u>\$ 170,693,114</u>	<u>\$ 180,250,831</u>

Market Value of Securities on Loan against Cash Collateral \$ 153,224,524

Market Value of Securities on Loan against Non-Cash Collateral 170,693,114

Total Market Value of Securities on Loan \$ 323,917,638

Fiscal Year 2024

Security Type	Underlying Securities on Loan for Cash	Cash Collateral	Underlying Securities on Loan for Non-Cash Collateral	Non-Cash Collateral
GLOBAL Government Fixed	\$ -	\$ -	\$ 4,465,280	\$ 4,747,323
US Corporate Fixed	17,717,714	18,210,633	38,175	39,193
US Government Fixed	190,121,056	195,549,867	68,895,716	70,586,549
	<u>\$ 207,838,770</u>	<u>\$ 213,760,500</u>	<u>\$ 73,399,170</u>	<u>\$ 75,373,065</u>

Market Value of Securities on Loan against Cash Collateral \$ 207,838,770

Market Value of Securities on Loan against Non-Cash Collateral 73,399,170

Total Market Value of Securities on Loan \$ 281,237,940

NOTE 8 - FAIR VALUE OF FINANCIAL INSTRUMENTS

The following investments are reported at fair value, which represents stated market prices. Actual gains and losses realized by the Department will be determined at the time of the sale and will be based on market conditions on that date.

Fair Value Hierarchy

In accordance with GASB Statement No. 72, assets and liabilities are grouped at fair value in three levels, based on the markets in which the assets and liabilities are traded, and the reliability of the assumptions used to determine fair value. These levels are:

- Level 1 – Valuation is based upon quoted prices in active markets for identical assets or liabilities that the reporting entity can access at the measurement date.
- Level 2 – Valuation is based upon quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market.
- Level 3 – Valuation is generated from model-based techniques that use significant assumptions not observable in the market. These unobservable assumptions reflect our own estimates of assumptions that market participants would use in pricing the asset or liability. Valuation techniques include use of option pricing models, discounted cash flow models and similar techniques.

Determination of Fair Value

In accordance with GASB Statement No. 72, fair values are based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It is the Department's policy to maximize the use of observable inputs and minimize the use of unobservable inputs when developing fair value measurements, in accordance with the fair value hierarchy.

The equity, fixed income and other investment assets classified as Level 1 of the fair value hierarchy are either individual securities, mutual funds or ETFs that are valued using prices quoted in active markets for those securities or funds. The short-term bills and notes, equity, fixed income, and other investment assets classified as Level 2 of the fair value hierarchy are primarily debt instruments and funds whose pricing is determined by pricing vendors using quoted prices for similar assets in active markets. Level two assets also include some low traded equities in the unclaimed property account, as well as currencies and forward foreign currency exchange contracts held in the portfolio that are used to hedge certain portions of the fixed income portfolio.

Level 3 assets are primarily asset backed fixed income securities. Level 3 assets with non-readily available market prices are based on a cash flow analysis with true-up adjustments provided by Northern Trust.

Assets classified as being measured by NAV include commingled funds (equity and fixed income) with daily or monthly liquidity; open-ended fund partnerships (real estate, hedge funds, private credit, and infrastructure) with quarterly or semi-annual liquidity; and closed-end fund partnerships (private credit, private equity and infrastructure) with multi-year lock up periods. Items classified as being valued at other than FV include cash held in money markets accounts at Northern Trust as well as adjustments to cash for pending sales and purchases.

ND Department of Trust Lands

Notes to Financial Statements

June 30, 2025 and 2024

Assets and Liabilities Recorded at Fair Value on a Recurring Basis

The tables below present the balances of assets and liabilities measured at fair value on a recurring basis at June 30, 2025.

	Fair Value at 6/30/25	Fair Value Measures Using		
		Quoted Prices in Active Markets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
Investments, at Fair Value				
Short Term Securities				
Short Term Bills and Notes	\$ 113,086,800	\$ -	\$ 113,086,800	\$ -
Total Short-Term Securities	113,086,800	-	113,086,800	-
Equity Investments				
Common Stock	4,675,299	4,658,313	322	16,665
Equity Funds/ETFs	1,686,398	1,045,531	-	640,866
Preferred Stock	37,914	37,914	-	-
Total Equity Investments	6,399,611	5,741,758	322	657,531
Fixed Income Investments				
Asset Backed Securities	37,471,938	-	37,471,938	-
Bond Funds/ETFs	262,535	62,827	-	199,708
Collateralized Mortgage	-	-	-	-
Corporate Bonds	442,016,180	-	442,016,180	-
Government Agencies	10,999,381	-	10,999,380	-
Government Bonds	304,818,452	-	304,818,452	-
Government Mortgage Backed	-	-	-	-
Bank Loans	-	-	-	-
Total Fixed Income Investments	795,568,486	62,827	795,305,950	199,708
Other Investment Assets				
Commodity ETF	3,882	3,882	-	-
Swaps	1,023,463	-	1,023,463	-
Venture Capital and Partnership	21,330	21,329	-	1
Real Estate Funds	166,310	166,310	-	-
Rights/Warrants	244	244	-	-
Miscellaneous	-	-	-	-
Total Other Investment Assets	1,215,229	191,765	1,023,463	1
Total Investments at Fair Value	\$916,270,126	\$5,996,351	\$909,416,535	\$857,240

ND Department of Trust Lands

Notes to Financial Statements

June 30, 2025 and 2024

		Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Investments measured at NAV:				
Commingled Funds – Equities	\$2,774,606,750	\$ -	Daily, Monthly	< 5 days
Commingled Funds Fixed Income	925,130,820	-	Daily	< 5 days
Real Estate Funds	719,007,604	-	Quarterly	90 days
Hedge Fund	1,258,740,662	-	NA	NA
Private Credit	1,264,239,073	428,634,622	NA	NA
Private Equity	280,118,407	499,452,739	NA	NA
Private Infrastructure	411,534,732	140,832,089	NA	NA
Total Investments measured at NAV	<u>\$7,633,378,048</u>	<u>\$ 1,068,919,450</u>		
Investments at other than fair Value				
Cash and adjustments to Cash	<u>\$ 587,736,573</u>			
Total Investment at other than FV	<u>\$ 587,736,573</u>			
Value	-			
Indeterminable/Worthless/Delisted				
Total Investments	<u>\$9,137,384,747</u>			

ND Department of Trust Lands

Notes to Financial Statements

June 30, 2025 and 2024

The tables below present the balances of assets and liabilities measured at fair value on a recurring basis at June 30, 2024.

	Fair Value at 6/30/24	Fair Value Measures Using		
		Quoted Prices in Active Markets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
Investments, at Fair Value				
Short Term Securities				
Short Term Bills and Notes	\$ 148,654,753	\$ -	\$ 148,654,648	\$ 105
Total Short-Term Securities	148,654,753	-	148,654,648	105
Equity Investments				
Common Stock	4,592,925	4,573,362	2,901	16,662
Equity Funds/ETFs	1,309,294	249,193	-	1,060,101
Preferred Stock	36,298	36,297	1	-
Total Equity Investments	5,938,517	4,858,852	2,902	1,076,763
Fixed Income Investments				
Asset Backed Securities	74,096,524	-	74,096,524	-
Bond Funds/ETFs	160,654	16,390	-	144,264
Collateralized Mortgage	5,634	-	5,634	-
Corporate Bonds	303,183,829	-	303,183,829	-
Government Agencies	22,930,783	-	22,930,783	-
Government Bonds	323,276,622	-	323,276,622	-
Government Mortgage Backed	13,077,182	-	13,077,182	-
Bank Loans	259,852	-	-	259,852
Total Fixed Income Investments	736,991,080	16,390	736,570,574	404,116
Other Investment Assets				
Commodity ETF	11,770	11,770	-	-
Currency	774,098	-	-	774,098
Master Limited Partnership	19,372	19,371	-	1
REITs	55,125	55,125	-	-
Rights/Warrants	1,119	614	505	-
Miscellaneous	19	-	-	19
Total Other Investment Assets	861,503	86,880	505	774,118
Total Investments at Fair Value	\$892,445,853	\$4,962,122	\$885,228,629	\$2,255,102

ND Department of Trust Lands

Notes to Financial Statements

June 30, 2025 and 2024

		Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Investments measured at NAV:				
Commingled Funds – Equities	\$2,757,569,333	\$ -	Daily, Monthly	< 5 days
Commingled Funds Fixed Income	871,679,050	-	Daily	< 5 days
Real Estate Funds	772,455,059	-	Quarterly	90 days
Hedge Fund	863,503,091	-	NA	NA
Private Credit	1,119,388,714	94,000,000	NA	NA
Private Equity	195,993,764	469,995,627	NA	NA
Private Infrastructure	367,733,355	4,751,412	NA	NA
Total Investments measured at NAV	<u>\$6,948,322,366</u>	<u>\$ 568,747,039</u>		
Investments at other than fair Value				
Cash and adjustments to Cash	<u>\$ 196,013,495</u>			
Total Investment at other than FV	<u>\$ 196,013,495</u>			
Value Indeterminable/Worthless/Delisted	-			
Total Investments	<u>\$8,036,781,714</u>			

In addition, the Department holds unclaimed mutual funds and other securities on behalf of owners. Actual gains and losses will be realized at the time of sale and will depend on market conditions on that date. As of June 30, 2025, and 2024 the Board held \$3,746,385 and \$837,775, respectively in unclaimed mutual funds.

The Common Schools Trust Fund owns the building occupied by the Department. For the period ending June 30, 2025 and 2024, the book value of the building was \$305,007 and \$366,118, respectively. The book value of the building is included in the investments line of the balance sheet.

NOTE 9 – INVESTMENT EXPENSES

	2025	2024
Investment managers' fees:		
Large cap equity	\$ -	\$1,091,513
Mid cap equity	-	10,266
Small cap equity	-	976,670
International equity	-	4,855,553
Emerging markets equity	-	6,794,617
Core fixed income	-	1,507,589
Non-core fixed income	-	20,044,280
Broad US Equity	2,825,959	
Broad International Equity	4,730,982	
Public Fixed Income	227,072	
Private Credit	28,091,737	
Loan pools	10,837	11,633
Real Estate	3,911,810	6,777,920
Hedge Funds	41,558,800	24,317,307
Global tactical	-	728,507
Private equity	5,209,398	3,343,552
Private infrastructure	4,183,991	2,622,606
Total investment managers' fees	90,750,586	73,082,013
Custody fees	89,969	139,774
Investment consultant fees:		
General consultant fees	182,167	177,167
Specialty consultant fees	40,000	85,000
Miscellaneous expenses	507,007	1,160,650
Total investment expenses	\$91,569,729	\$74,644,604

Reconciliation of investment expenses to financial statements

	2025	2024
Investment expenses as reflected in the financial statements	\$8,426,468	\$6,632,512
Plus, investment management fees included in investment income		
Large cap equity	\$ -	\$1,034,416
Small cap equity	-	586,341
International equity	-	4,257,538
Emerging markets equity	-	6,734,457
Core fixed income	-	499,497
Non-core fixed income	-	20,044,280
Broad US Equity	2,774,649	
Broad International Equity	4,604,014	
Public Fixed Income	(3,525,875)	
Private Credit	27,917,676	
Loan pools	10,837	11,633
Real Estate	1,424,913	3,831,958
Global tactical	-	728,507
Private equity	4,401,557	3,343,552
Private Infrastructure	4,183,990	2,622,606
Hedge Funds	41,558,800	24,317,307
Investment expenses per schedule	<u>\$91,777,029</u>	<u>\$74,644,604</u>
Custody fees	\$ -	\$ -
Investment Consultant Fees		
General consultant fees	-	-
Specialty consultant fees	-	-
Miscellaneous expenses	(207,300)	-
Total Investment Expenses	<u>\$91,569,729</u>	<u>\$74,644,604</u>
	2025	2024
BND loan pool management expenses:		
Expenses as reflected in the financial statements	\$10,840	\$11,633
Plus expenses as reflected in interest income	-	-
Total loan pool expenses	<u>\$10,840</u>	<u>\$11,633</u>

NOTE 10 – FARM LOAN POOL AND FARM REAL ESTATE

The Board is authorized to invest in first mortgage farm loans, as governed by N.D.C.C. Chapter 15-03. All purchased loans are credited to the pool and the investments, repayments, interest, and income are credited to the various trusts in proportion to their participation. The pool is administered by the BND in accordance with standard banking practices, including executing all instruments on behalf of the Board and handling foreclosures.

As of June 30, 2025, the non-current and current portion of the loans were \$1,827,392 and \$254,950, respectively. As of June 30, 2024, the non-current and current portions of the loans were \$1,978,990 and \$264,904, respectively.

As of June 30, 2025, and 2024, the pool had a net position of \$2,749,954 and \$2,594,732, respectively. For the same period, the pool earned net income of \$155,222 and \$244,657.

NOTE 11 - COAL WARRANTS

The Board is authorized to make loans to coal development impacted counties, cities, and school districts from the Coal Development Trust fund, as governed by N.D.C.C. Chapter 57-62. A warrant is executed by the governing body as evidence of the loan. The loans bear interest at 3, 3.2 or 3.75 percent annually, depending on the loan date. The coal warrants are payable only from the borrowing entities share of coal severance tax payments and do not constitute a general obligation of the entity. No losses are anticipated on the warrants and an allowance has not been provided.

As of June 30, 2025, the non-current and current portions of the loans were \$5,624,902 and \$885,045, respectively. The same amounts as of June 30, 2024, were \$6,508,908 and \$855,045, respectively.

NOTE 12 - SCHOOL CONSTRUCTION LOAN PROGRAM

The school construction loan program, funded by the Coal Development Trust Fund, is governed by N.D.C.C. Chapter 15.1-36-02, authorizing the Board to fund low-interest unanticipated construction projects and emergency repair loans; of which the outstanding principal balance of loans made from this fund may not exceed sixty million dollars.

Any proposal for unanticipated construction project or emergency repair loans must be submitted and approved by the superintendent of public instruction. The superintendent of public instruction shall approve loans before commencement of the project if the cost of the project, as estimated by the school board, is more than one hundred fifty thousand dollars. To be eligible for a loan, the school district must demonstrate a need for the project, student population has been stable, there are no feasible alternatives, and demonstrate the capacity to pay pursuant to N.D.C.C. Chapter 28-32. The interest rate discount on a loan may not exceed two percent per year.

The BND processes and services all regular school construction loans. The BND receives payments of principal and interest from the school districts and remits these payments to the Department for deposit in the Coal Development Trust fund.

In 2013, the legislature changed the program to allow certain school districts in oil producing areas to use a portion of the gross production tax due to the district under N.D.C.C. Chapter 57-51 to repay school loans. For gross production tax backed school loans, the amount of the loan does not count as debt for the borrowing entity and repayment of the loan will be accomplished by the State Treasurer capturing a school district's gross production tax payments each month and remitting those funds to appropriate trust fund until such time that year's scheduled loan payment has been captured. As of June 30, 2023, there are two (2) gross production tax backed school construction loans processed with Coal Development Trust funding.

As of June 30, 2025, the non-current and current portions of loans from the Coal Development Trust Fund were \$28,010,676 and \$2,600,719, respectively. The same amounts as of June 30, 2024, were \$28,775,176 and \$2,540,462, respectively.

NOTE 13 – FUEL PRODUCTION FACILITY LOAN GUARANTEE PROGRAM

The Guarantee Loan Program is administered by the BND and governed by N.D.C.C. Chapter 6-09.7. Under this program, the BND shall establish and maintain a guaranteed reserve fund in a special account at the BND not to exceed \$80 million of the Strategic Investment and Improvements fund to maintain one hundred percent of the guaranteed reserve fund balance. Moneys in the guaranteed reserve fund are available to reimburse lenders for guaranteed loans in default. The amount of the reserves for all guaranteed loans must be determined by a formula that will assure, as determined by the BND, an adequate amount of reserve.

In September 2024, a payment of \$4,818,417 was made to the Bank of North Dakota to fulfill a loan guarantee obligation for a \$5,000,000 loan originally issued to Red River Biorefinery LLC (RRB) on February 9, 2022. This payment was recorded as an expense to the Strategic Investment and Improvements Fund. During fiscal year 2024, no payments were made to the Bank of North Dakota to satisfy defaults under the Guarantee Loan Program.

For the period ending, June 30, 2025, and 2024, the balance in the guaranteed reserve fund at the BND is \$25,479,945 and \$36,862,449 respectfully.

NOTE 14 - OFFICE LEASE COMMITMENT

The Board's administrative agent, the Office of Commissioner of University and School Lands (Department) rents office space owned by the Common Schools Trust Fund. The Department's commitment to rent its office space from the Common Schools Trust is continuous, with periodic adjustments made in accordance with acceptable accounting practices and market conditions.

For the periods ending June 30, 2025 and 2024, rents of \$88,508 and \$97,371, respectively, were paid by the non-Common Schools Trusts funds.

NOTE 15 - CAPITAL ASSETSFiscal Year 2025

Governmental Activities:	Balance 7/1/24	Additions	Retirements	Balance 6/30/25
Land	\$ 7,736,490	\$ -	\$ -	\$ 7,736,490
Equipment	33,956	35,639	-	69,595
IT system enhancements	4,891,466	4,377,889	-	9,269,355
Subscription-based IT arrangements	2,191,001	-	-	2,191,001
Less accumulated depreciation/amortization:				
Equipment	(22,616)	(11,105)		(33,721)
System Software	(3,119,255)	(1,513,578)	-	(4,632,833)
Subscription-based IT arrangements	(76,337)	(258,920)	-	(335,257)
Net capital assets	\$11,634,705	\$2,629,925	\$ -	\$14,264,630

ND Department of Trust Lands

Notes to Financial Statements

June 30, 2025 and 2024

Fiscal Year 2024

Governmental Activities:	Balance 7/1/23	Additions	Retirements	Balance 6/30/24
Land	\$ 7,736,490	\$ -	\$ -	\$ 7,736,490
Equipment	46,776	-	(12,820)	33,956
IT system enhancements	4,891,466	-	-	4,891,466
Subscription-based IT arrangements	-	2,191,001	-	2,191,001
Less accumulated depreciation:				
Equipment	(30,655)	(4,780)	12,820	(22,616)
Software	(2,123,489)	(995,766)	-	(3,119,255)
Subscription-based IT arrangements	-	(76,337)	-	(76,337)
Net capital assets	\$10,520,588	\$1,114,118	\$ -	\$11,634,705

Under the provisions of the Enabling Act, land was granted to the State for the support of the common schools and other institutions. Under Constitutional authority, no grant land may be sold for less than ten dollars an acre which is the value per acre used for statement of net position purposes. During fiscal years 2025 and 2024, no acres were acquired or sold.

All lands held by the Department are considered capital assets, except lands acquired through foreclosure that the Board intends to sell. Land is not depreciable according to GASB 34.

A total of \$1,783,603 and \$1,076,883 in capital asset depreciation/amortization for fiscal years ending June 30, 2025 and 2024, respectfully, was charged to the education fund.

NOTE 16 - DUE FROM (TO) OTHERS

As stated in Note 1 of these financial statements, the Department is a state agency of North Dakota, as such, the other state agencies of the State and political subdivision are related parties.

The following is detail of amounts due from and to other state agencies as of June 30, 2025 and 2024. The *due from other state agencies* represents revenues earned during the year ended June 30, that were not received as of June 30, 2025 and 2024. The *due to other state agencies* represents services rendered to the Department during the year ended June 30, that were not paid as of June 30, 2025 and 2024.

ND Department of Trust Lands

Notes to Financial Statements

June 30, 2025 and 2024

Fund	2025		2024	
	Due from other state agencies	Due to other state agencies	Due from other state agencies	Due to other state agencies
Common School Trust fund:				
State Treasurer	\$ 15,046,241		\$ 19,597,900	
Attorney General Office	-	\$ 268	-	\$ 142
Department of Transportation	-	7,004	-	6,922
Information Technology Department	-	86,994	-	23,511
Office of Management and Budget	-	6,232	-	521
Bank of North Dakota	-	9,086	-	5,253
	15,046,241	109,584	19,597,900	36,349
Perpetual funds:				
Attorney General Office	-	16	-	8
Department of Transportation	-	657	-	649
Information Technology Department	-	5,604	-	1,354
Office of Management and Budget	-	30	-	10
Bank of North Dakota	-	702	-	450
	-	7,009	-	2,471
Strategic Investment & Improvements fund:				
State Treasurer	61,327,955	-	167,285,465	-
Health and Human Services	-	13,787,648	-	-
Commerce Department	281,974	-	-	-
NDSU Upper Great Plains	27,094	-	-	-
Office of Management and Budget	-	6,289,493	-	20,797
State Historical Society	-	4,200,000	-	-
State Fair Association	-	800,000	-	-
Attorney General	-	188	-	85
Information Technology Department	7,216	51,857	-	11,534
Bank of North Dakota	-	12,890	-	-
	61,644,239	25,142,076	167,285,465	32,416
Coal Development Trust fund:				
State Treasurer	148,813	-	215,759	-
Lignite Research Fund	-	104,169	-	151,031
Bank of North Dakota	-	74	-	-
	148,813	104,243	215,759	151,031

ND Department of Trust Lands

Notes to Financial Statements

June 30, 2025 and 2024

Capitol Building Trust fund:

Attorney General	-	2	-	2
Department of Transportation	-	101	-	99
Information Technology Department	-	757	-	185
Office of Management & Budget	-	4	-	2
Bank of North Dakota	-	19	-	-
	-	883	-	288

General Fund:

Bank of North Dakota	-	2	-	-
	-	2	-	-

Total Due From/Due To

\$ 76,839,293	\$ 25,363,797	\$ 187,099,124	\$ 222,555
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NOTE 17 – TRANSFERS FROM (TO) OTHER AGENCIES

The following detail represents amounts transferred to beneficiaries and other state agencies as of June 30, 2024 and 2023.

ND Department of Trust Lands

Notes to Financial Statements

June 30, 2025 and 2024

Fund	2025		2024	
	Transfers from other agencies	Transfers to other agencies	Transfers from other agencies	Transfers to other agencies
Perpetual Funds:				
Ellendale	-	\$ 1,202,950	-	\$ 1,202,950
Industrial School	-	1,331,000	-	1,331,000
Mayville State University	-	447,000	-	447,000
ND State University	-	3,824,000	-	3,824,000
School of Mines	-	1,166,000	-	1,166,000
School of Science	-	958,000	-	958,000
School of the Blind	-	668,000	-	668,000
School of the Deaf	-	1,099,000	-	1,099,000
State Hospital	-	746,000	-	746,000
University of ND	-	1,827,000	-	1,827,000
Valley City State University	-	677,000	-	677,000
Veterans Home	-	275,000	-	275,000
	-	14,220,950	-	14,220,950
Commons School Trust Fund				
Department of Public Instruction	-	249,930,000	-	249,930,000
	-	249,930,000	-	249,930,000
Strategic Investment and Improvements:				
General Fund of North Dakota	-	25,000,000	-	25,000,000
Agricultural Department	-	-	-	6,500,000
Bank of North Dakota	-	-	-	10,500,000
Career and Technical Education	-	-	-	26,512,500
Commerce Department	\$339,647	10,000,000	-	137,000,000
Corrections and Rehabilitation	-	-	-	135,057,000
Department of Public Instruction	-	19,493,086	-	
Health & Human Services	-	13,787,648	-	29,450,000
Industrial Commission	-	-	-	70,500,000
Information Technology	7,217	-	-	15,000,000
Office of Management & Budget	-	7,013,370	-	-
Parks and Recreation	-	-	-	26,950,000
Public Employees Retirement Fund	-	-	-	135,000,000
Public Instruction	-	-	-	-
Secretary of State	-	-	-	1,500,000
State Historical Society	-	300,000	-	3,250,000
Transportation Department	-	-	-	179,000,000
ND University System	-	170,775,000	-	63,133,480
Upper Great Plains Transportation	27,094	-	-	93,732,600
ND Legacy Fund	-		\$ 29,474,088	
Council of the Arts	-	-	-	-

ND Department of Trust Lands

Notes to Financial Statements

June 30, 2025 and 2024

Carryover from prior sessions

Health & Human Services	-	-	-	742,148
Office of Management & Budget	-	567,056	-	54,987
	<u>373,958</u>	<u>246,936,160</u>	<u>29,474,088</u>	<u>958,882,715</u>

Coal Development Trust:

General Fund of North Dakota	-	1,452,911	-	1,237,168
Lignite Research Fund	-	934,084	-	956,663
	<u>-</u>	<u>2,386,995</u>	<u>-</u>	<u>2,193,831</u>

Capitol Building Trust:

Facilities Management	-	4,550,000	-	1,250,000
	<u>-</u>	<u>4,550,000</u>	<u>-</u>	<u>1,250,000</u>

Total Transfers	<u>\$373,958</u>	<u>\$518,024,105</u>	<u>\$29,474,088</u>	<u>\$1,226,477,496</u>
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NOTE 18 – ASSIGNED FUND BALANCE

On August 20, 2025, the Board of University and School Lands classified \$43,125,403 of the Strategic Investment and Improvements fund as an assigned fund balance for fiscal year 2025 financial statement purposes.

On August 22, 2024, the Board of University and School Lands classified \$43,066,403 of the Strategic Investment and Improvements fund as an assigned fund balance for fiscal year 2024 financial statement purposes.

This assignment was made by the Board to indicate that these funds should not be transferred out of this fund until potential title disputes related to certain riverbed leases have been resolved.

NOTE 19 – LITIGATION

The Board is currently engaged in litigation concerning real property ownership, oil and gas royalty payments, and unclaimed property. Below is a summary of pending and closed lawsuits for the fiscal year ending June 30, 2025.

Whiting Oil and Gas Corporation v. Arlen A. Dean, et. al., consolidated with State of North Dakota ex rel. North Dakota State Engineer v. Leland

Whiting filed an interpleader for the lands underlying a spacing unit located near the Montana border through which the Yellowstone River runs. Whiting has requested the court determine the property interests for the spacing unit so that Whiting can correctly distribute the proceeds from the well located in the unit. The court trial (no jury) originally scheduled for August 6-10, 2018, was postponed to April 22-26, 2019. The initial scheduling order was amended for the State to conduct field work that could not be completed in the winter. Due to property flooding from high flows on the Yellowstone River, the State was unable to conduct field work at that time. At an August 16, 2018, status conference, the court suspended any interim deadlines and set a scheduling conference for January 2019 to set a new trial date. An Amended Notice of Court Trial was filed, reflecting the April 20 - 24, 2020, trial date. On July 9, 2019, the State Engineer brought an action to Quiet Title to the property involved in this case. The State Defendants filed an Amended Answer in September 2019. On February 5, 2020, Defendants Murex Petroleum Corporation and Northern Oil and Gas, Inc., filed a Notice of Motion, Motion and Brief in Support of Motion to Consolidate this matter with Case No. 27-2019-CV-00312, *State of North Dakota ex rel. North Dakota State Engineer v. Leland* (Quiet Title action referenced above) and other parties responded to the motion. An Order Granting Motion to Consolidate Case 27-2016-CV-00040 into 27-2019-CV-00312 was signed on March 10, 2020. On April 8, 2020, the court entered the Order Granting State Engineer's Partial Motion to Dismiss. Also, on April 8, 2020, Whiting filed a Suggestion of Bankruptcy for Whiting Petroleum Corporation and Certain of its Affiliates and Notice of Automatic Stay of Proceedings. The stay was eventually lifted, and the State filed a Motion for Partial Summary Judgment on May 15, 2022. The Motion for Partial Summary Judgment was denied. Trial for Phase I of the case was held on September 12-16, 2022. On March 31, 2023, the State filed a post-trial brief. On April 21, 2023, the request for an extension to the post-trial brief was filed by the opposing party's counsel, with the request granted on April 24, 2023. On June 30, 2023, Whiting Oil and Gas Corporation filed a post-trial brief. On September 27, 2023, a post-trial brief was filed concluding the post-trial briefing phase. A status conference was held on September 28, 2023, to discuss the post-trial briefing. On December 1, 2023, the State filed a reply to the opposing party's post-trial brief. On April 30, 2024, a Memorandum Decision was issued by the court regarding Phase I of the case. The Memorandum Decision ruled in part for the State, and in part against the State. On May 29, 2024, an amended Phase II scheduling order was issued. On July 26, 2024, a Motion for Summary Judgment was filed by the opposing party. On July 31, 2024, a Stipulation/Agreement was filed to extend the Summary Judgment deadline. The court issued an order on August 8, 2024, extending the Summary Judgment deadline. On September 6, 2024, the State filed a Response Brief. On September 6, 2024, Whiting Oil and Gas Corporation, filed a Response to Motion for Summary Judgment. On September 11, 2024, a Reply Brief in Support of Norby's Motion for Summary Judgment was filed by the opposing party counsel. A hearing on Motions for Summary Judgment was held on November 8, 2024. On November 11, 2024, the State filed Supplemental Summary Judgment Motions with supporting documents. On November 14, 2024, the opposing party filed a Brief in Opposition to the State's filing of Supplemental Summary Judgment Motions. On December 2, 2024, the State filed a Brief in Support of Motion to Supplement Response to Summary Judgment Motions. On December 19, 2024, the Judge issued an Order on Summary

Judgment. On January 14, 2025, the State filed a Motion for Reconsideration of Summary Judgment Order and Request to Determine Legal Question on Mineral Reservation Percentage. On January 16, 2025, the Judge issues an Order regarding trial scheduled for the end of the month. On January 21, 2025, Norby' filed a Brief in Opposition to State's Motion for Reconsideration of Summary Judgment Order and Request to Determine Legal Questions Legal Question on Mineral Reservation Percentage. January 21, 2025, the State filed a Pre-Trial and Objection to Trial Procedure. January 21, 2025, Whiting Oil and Gas Corporation filed a Pretrial Statement. On January 22, 2025, Kuykendall Group filed a Brief in Response to the State's Motion to Reconsider and Pre-trial Statement; Request for Court to take Judicial Notice of 27-2013-177 and support documents into consideration. On January 27, 2025, the State filed a Response Brief in Opposition to Kuykendall and Melland Group's Request for Court to take Judicial Notice of 27-2013-177 and supporting documents into consideration. Phase II bench trial was held on January 29, 2025. On February 3, 2025, the parties jointly filed a fully executed Stipulation/Agreement concerning the calculation of acreage. On February 3, 2025, the State filed Pocket Brief- Admission of State's Exhibits, Witness and Exhibit Records. On March 28, 2025, the Court issued an Order for record completion and extension to the Briefing deadline. On April 4, 2025, post-trial Briefs were filed for Phase II trial. On May 8, 2025, the Court issued a decision on the January 2025 Phase II Trial, partially in favor of the State, and partially in favor of the Defendants. On June 30, 2025, the Proposed Order for Judgment was filed. On July 15, 2025, the Order for Judgment was signed by the Court. This case remains active until the appeal window closes. At this time, it is not possible to reasonably estimate the State's potential loss or gain associated with this litigation.

Continental Resources, Inc. v. North Dakota Board of University and School Lands, United States

This is an interpleader action filed by Continental Resources, Inc. for certain lands underlying Continental operated wells located in McKenzie, Mountrail, and Williams Counties which are being claimed by both the State of North Dakota and the United States. Continental is requesting the court determine the property interests for the lands so that Continental can correctly distribute stay lifted - proceeds from the wells. The United States filed a motion to dismiss. The Board and Continental filed opposition to the motion and the parties are awaiting a decision on the motion from the court. An Amended Complaint was filed by Plaintiffs and Defendants filed their Answers to the Amended Complaint. A Status Conference was set for October 11, 2019. However, this continued to January 13, 2020. A status conference was held on April 7, 2020, and a briefing schedule set. The United States and the Board filed separate Motions for Partial Summary Judgment on May 7, 2020, with their responses filed June 5, 2020. The court issued a mandate against the State in August 2021, stating a reasoning of a lack of jurisdiction. In February 2022, the parties filed a Joint Status Report setting briefing dates. The State filed a Motion for Partial Summary Judgment on May 7, 2022. The court issued an opinion on March 21, 2023, granting Board's motion for partial summary judgment. The United States appealed the decision. The State filed a cross appeal. The final brief was filed on January 20, 2024. The 8th Circuit oral argument was held on October 22, 2024. On May 12, 2025, the 8th Circuit issued its decision affirming the District Court's ruling. Neither party appealed the 8th Circuit decision; therefore, the decision stands. CASE CLOSED.

North Dakota Office of the State Engineer and North Dakota Board of University & School Lands v. Bureau of Land Management (Office of Hearings and Appeals, Board of Land Appeals)

In 2014, the Bureau of Land Management (BLM) resurveyed land along the Missouri River to locate the boundary between public domain land owned by the United States and the riverbed owned by the State of North Dakota. In identifying the boundary, the BLM applied federal law rather than state law. The BLM uses these surveys as the basis for leasing minerals. In certain areas, the new surveys overlap with minerals currently leased by the Board. The Board and State Engineer challenged the BLM's resurvey, but the BLM's Montana Office rejected the challenge. The Board and State Engineer then appealed that decision to the Office of Hearings and Appeals, Board of Land Appeals (IBLA). The Board and State Engineer, and BLM both filed briefs with the IBLA regarding their respective positions. On June 24, 2019, the BLM submitted its Request to Take Judicial Notice of North Dakota Law. On March 25, 2020, the Opinion by Administrative Judge Haugrud was issued by the United States Department of Interior, Office of Hearings and Appeals, IBLA, denying the State's appeal. Parties filed a joint status report proposing further proceedings in this case within 30 days of an order addressing the parties' pending motions in Continental Resources, Inc. On June 6, 2023, the parties filed a joint status report proposing that this matter remains pending resolution of the Continental case. A Joint Notice and Proposed Status Report Notice was filed on August 22, 2025. On August 25, 2025, the Magistrate Judge signed the Order Setting Deadlines to submit Status Report by October 22, 2025. This case remains ongoing. At this time, it is not possible to reasonably estimate the State's potential loss or gain associated with this litigation.

Continental Resources, Inc. v. North Dakota Board of University & School Lands and North Dakota Department of Trust Lands

Continental is seeking a Declaratory Judgment that it is currently paying royalties properly under the Board's lease. Specifically, Continental is asking the court to order that Continental is allowed to deduct certain costs from royalty payments and that it does not owe the Defendants any additional royalty payments based on previous deductions. A Complaint and Answer with Counterclaims have been filed. Continental filed an Answer to Counterclaims. The parties both completed the discovery. The parties filed a Joint Motion for Stay, requesting the court stay all proceedings pending the North Dakota Supreme Court's resolution of the petition for rehearing in the Newfield lawsuit and the court granted this request. The final court order in the Newfield case was issued on March 3, 2023. On August 31, 2023, a Joint Status Report was filed stating that parties are in a discussion on how to proceed in the case. On November 1, 2023, the parties filed a joint scheduling order outlining document and discovery timeline. On July 24, 2024, an amended scheduling order was filed for the upcoming trial scheduled for August 4-8, 2025. On September 30, 2024, the third amended scheduling order was issued with trial dates remaining the same. In December 2024, the parties agreed to settle the issues. On January 2, 2025, the parties filed a Joint Motion to Dismiss with Prejudice along with a Proposed Order, which the Court granted on the same day. The trial was cancelled. CASE CLOSED.

XTO Energy, Inc., and XTO Holdings, LLC v. North Dakota Board of University and School Lands and the United States of America

In April 2019, XTO Energy, Inc. and XTO Holdings, LLC (XTO), brought an interpleader action against the Board and the United States regarding certain lands underlying XTO operated wells located in McKenzie and Williams Counties. This case addresses overlapping ownership claims by the State and the United States of minerals underlying the Missouri River. XTO is requesting the court determine the property interests for the disputed property so that XTO can correctly distribute the proceeds from the affected wells. The Board and the United States filed Answers on August 1, 2019. On April 7, 2020, the court issued an Order Staying Proceedings pending resolution of the Continental Interpleader litigation, *Continental Resources, Inc., v. North Dakota Board of University and School Lands*, docket number #1:17-cv-14. In July 2020, the parties filed a stipulation regarding deposit of royalty payments and transferring the royalty payments from BND to the court's registry. The court accepted the Stipulation in November 2020. A Joint Notice and Proposed Status Report Notice was filed with the court on August 22, 2025. On August 25, 2025, the Magistrate Judge signed the Order Setting Deadlines to submit a Status Report by October 22, 2025. At this time, it is not possible to reasonably estimate the State's potential loss or gain associated with this litigation.

Mandan, Hidatsa, and Arikara Nation v. United States Department of the Interior; David L. Bernhardt, in his official capacity as Secretary of the United States Department of Interior; and Daniel H. Jorjani, in his official capacity as Solicitor of the United States Department of the Interior

On July 16, 2020, the Mandan, Hidatsa, and Arikara Nation (Tribe) filed a Complaint against the United States Department of the Interior (DOI); David Bernhardt, Secretary of DOI; and Daniel Jorjani, DOI Solicitor. Along with its Complaint, the Tribe filed a motion for preliminary injunction asking that the court to immediately order DOI to refrain from doing anything to implement the Jorjani Opinion until the court has decided the merits of the Tribe's claims regarding that Opinion. A scheduling conference was held by telephone on July 23, 2020, with a follow up on July 29. The parties agreed that the pending motion for preliminary injunction can be considered Plaintiff's motion for partial summary judgment on count one and resolved with defendant's cross motion for partial summary judgment as to that count. The merits of count one will be consolidated with any hearing on the motion for preliminary injunction. The court set certain filing deadlines. The State of North Dakota filed an Expedited Motion to Intervene, and that request was granted. The United States filed its opposition to Plaintiff's Motion for Preliminary Injunction and Cross-Motion for Partial Summary Judgment on September 1, 2020. The State of North Dakota filed its Intervenor-Defendant's Cross-Motion for Partial Summary Judgment and Opposition to Plaintiff's Motion for Preliminary Injunction on September 8, 2020. The Tribe filed a Motion to Complete Administrative Record on September 8, 2020. On August 16, 2021, a Minute Order was entered continuing the stay and that the parties shall file a joint status report within 14 days of the issuance of a new M-Opinion or the conclusion of the Solicitor's Office review without a new M-Opinion, or on November 16, 2021, if nothing has been filed by that date. The case remained on stay until February 4, 2022, when the Opinion Regarding the Status of Mineral Ownership Underlying the Missouri River Within the Boundaries of the Fort Berthold Reservation (North Dakota), M-37073, was issued by the Solicitor, Robert T. Anderson. The parties agreed to various joint status report filings and on April 4, 2022, DOI filed a Notice of Recordation of Trust Title. The State filed a Supplemental Motion to Intervene which was denied. Appellate oral argument held. On April 21, 2023, the D.C. Circuit

overturned the district court decision and allowed the State's intervention. A motion to quiet title was submitted by the United States on July 7, 2023. On July 23, 2024, the court issued a ruling granting the United States' motion to quiet title and denying the State's motion to venue the case in North Dakota. The parties agreed to expert reports be due by November 13, 2024, and discovery deadline by January 10, 2025. On October 17, 2024, MHA Nation filed a Motion for Judgment on the Pleadings. On March 18, 2025, the State filed a Memorandum in Opposition to Motion Summary Judgment. On April 18, 2025, the Reply to Opposition to Motion on Summary Judgment was filed by the U.S. Department of Interior. On May 12, 2025, a Supplemental Memorandum in Response to Motion Summary Judgment was filed by MHA Nation. This case is ongoing pending the court's decision. At this time, it is not possible to reasonably estimate the State's potential loss or gain associated with this litigation.

State of Arkansas, et al. v. State of Delaware

This case involves the State of North Dakota acting as custodian on behalf of apparent owners of unclaimed property in North Dakota. Under N.D.C.C. ch. 47-30.2, people, including entities, in possession of unclaimed property of a person or business with an address listed in North Dakota are required to report and remit such unclaimed property to the custody of the State of North Dakota Administrator of Unclaimed Property each year. A Complaint and Answer were filed focused on determining which state has the right to take custody of funds for certain unclaimed official checks issued by MoneyGram Payment Systems, Inc. On July 23, 2021, the court issued an interim order to grant the State's motion for partial summary judgment, denying the State of Delaware's Motion for Partial Summary Judgment. A joint status report was filed with the Supreme Court and a status conference was held on May 4, 2023. Discovery materials were due on October 4, 2023. In August 2024, the parties agreed to settle the case. The Notice of Settlement Agreement was issued on August 27, 2024, and outlines the amount allocated to each state. The State of Delaware "kept" custody of property that had been escheated to the State of Delaware for report years 2006 through 2010. In exchange, the State of North Dakota was entitled to take custody of all escheated property from 2011 forward. CASE CLOSED.

NOTE 20 – CLAIMANT LIABILITY

Claimant liability represents the value of property escheated to the Department and expected to be reclaimed by the rightful owner or their heirs. The claimant liability increases with collections of escheated property and decreases when property is reclaimed and paid to the rightful owner or their heirs. Unclaimed property is accreted into net position of the Common School Trust fund based on estimate of historical claims in the previous ten years. The following is a detail of the changes in claimant liability for the years ended June 30, 2025 and 2024.

Claimant Liability – June 30, 2023	\$27,981,664
June 30, 2024	
Collections subject to liability	28,350,960
Less claims paid	9,234,073
Decrease accreted into net position	6,896,787
Claimant Liability – June 30, 2024	\$40,201,764
June 30, 2025	
Collections subject to liability	\$31,478,922
Less claims paid	12,670,001
Decrease accreted into net position	10,869,075
Claimant Liability – June 30, 2025	\$48,141,610

NOTE 21 – LONG TERM LIABILITIES***Subscription-Based Information Technology Arrangements (SBITAs)***

The Department recognizes the SBITA liability and subscription asset in the financial statements. These liabilities represent the Department's obligation to make payments arising from the subscription. At the commencement of the SBITA, the Department measures the liability as the present value of payment expected to be paid during the lease term. Subsequently, the liability is reduced by the principal portion of payments received.

Compensated Absences Payable

The Department employees can earn annual leave at a varying rate based on years of service. The amount of annual leave earned ranges from one to two days per month and accrued annual leave cannot exceed 30 days as of April 30th of each year. The Department employees earn sick leave at the rate of one working day per month of employment without limitation on the amount that can be accumulated. At 10 years of continuous service, the State is liable for 10 percent of the employee's accumulated unused sick leave. The reported liabilities for compensated absences were \$498,110 and \$266,954 at June 30, 2025 and 2024, respectively. This balance includes the employer's share of FICA taxes and the employer's share of employee benefits.

ND Department of Trust Lands

Notes to Financial Statements

June 30, 2025 and 2024

Governmental Activities – Other long-term liabilities:

	Beginning Balance <u>7/1/24</u>	<u>Additions</u>	<u>Reductions</u>	Ending Balance <u>06/30/2025</u>	Amounts Due within One Year
Subscription-based IT arrangement (SBITA)	\$ 2,054,123	\$ -	\$ 201,318	\$ 1,669,233	\$ 183,573
Compensated absences	266,954	231,156	-	498,110	69,512
Total long-term liabilities	\$ 2,321,077	\$ 231,156	\$ 201,318	\$ 2,167,343	\$ 253,085

	Beginning Balance <u>7/1/23</u>	<u>Additions</u>	<u>Reductions</u>	Ending Balance <u>06/30/2024</u>	Amounts Due within One Year
Subscription-based IT arrangement (SBITA)	\$ -	\$ 2,191,001	\$ 76,337	\$ 2,054,123	\$ 183,573
Compensated absences	216,297	212,600	161,943	266,954	14,260
Total long-term liabilities	\$ 216,297	\$ 2,403,601	\$ 238,280	\$ 2,321,077	\$ 197,833

NOTE 22 – DEFINED BENEFIT PENSION PLAN

The following brief description of North Dakota Public Employees Retirement System (NDPERS) is provided for general information purposes only. Participants should refer to North Dakota Century Code (N.D.C.C.) Chapter 54-52 for more complete information.

NDPERS is a cost-sharing multiple-employer defined benefit pension plan that covers substantially all employees of the State of North Dakota, its' agencies, and various participating political subdivisions. NDPERS provides for pension, death, and disability benefits. The cost to administer the plan is financed through the contributions and investment earnings of the plan.

Responsibility for administration of the NDPERS defined benefit pension plan is assigned to the NDPERS Board of Trustees (Board) comprised of eleven members. The Governor is responsible for the appointment of three members in addition to the Chairman of the Board. Four members are appointed by the legislative management, and the remaining three Board members are elected from active employees currently contributing to NDPERS.

Pension Benefits

Benefits are set by statute. NDPERS has no provisions or policies with respect to automatic and ad hoc post-retirement benefit increases. Members of the Main System are entitled to unreduced monthly pension benefits beginning when the sum of age and years of credited service equal or exceed 85 (Rule of 85), or at normal retirement age (65). For members hired on or after January 1, 2016, the Rule of 85 was replaced with the Rule of 90 with a minimum age of 60. The monthly pension benefit is equal to 2.00% of their average monthly salary, using the highest 36 months out of the last 180 months of service, for each year of service. For members hired on or after January 1, 2020, the 2.00% multiplier was replaced with a 1.75% multiplier. The plan permits early retirement at ages 55-64 with three or more years of service.

Members may elect to receive the pension benefits in the form of a single life, joint and survivor, term-certain annuity, or partial lump sum with ongoing annuity. Members may elect to receive the value of their accumulated contributions, plus interest, as a lump sum distribution upon retirement or termination, or they may elect to receive their benefits in the form of an annuity. For each member electing an annuity, total payment will not be less than the members' accumulated contributions plus interest.

Death and Disability Benefits

Death and disability benefits are set by statute. If an active member dies with less than three years of service for the Main System, a death benefit equal to the value of the member's accumulated contributions, plus interest, is paid to the member's beneficiary. If the member has earned more than three years of credited service for the Main System, the surviving spouse will be entitled to a single payment refund, life-time monthly payments in an amount equal to 50% of the member's accrued normal retirement benefit, or monthly payments in an amount equal to the member's accrued 100% Joint and Survivor retirement benefit if the member had reached normal retirement age prior to date of death. If the surviving spouse dies before the member's accumulated pension benefits are paid, the balance will be payable to the surviving spouse's designated beneficiary.

Eligible members who become totally disabled after a minimum of 180 days of service, receive monthly disability benefits equal to 25% of their final average salary with a minimum benefit of \$100. To qualify under this section, the member must become disabled during the period of eligible employment and apply for benefits within one year of termination. The definition for disabled is set by the NDPERS in the North Dakota Administrative Code.

Refunds of Member Account Balance

Upon termination, if a member of the Main System is not vested (is not 65 or does not have three years of service), they will receive the accumulated member contributions and vested employer contributions, plus interest, or may elect to receive this amount at a later date. If the member has vested, they have the option of applying for a refund or can remain as a terminated vested participant. If a member terminated and withdrew their accumulated member contribution and is subsequently reemployed, they have the option of repurchasing their previous service.

Member and Employer Contributions

Member and employer contributions paid to NDPERS are set by statute and are established as a percent of salaries and wages. Member contribution rates are 7% and employer contribution rates are 8.12% of covered compensation. For members hired on or after January 1, 2020, member contribution rates are 7% and employer contribution rates are 9.26% of covered compensation.

The member's account balance includes the vested employer contributions equal to the member's contributions to an eligible deferred compensation plan. The minimum member contribution is \$25, and the maximum may not exceed the following:

- 1 to 12 months of service – Greater of one percent of monthly salary or \$25
- 13 to 24 months of service – Greater of two percent of monthly salary or \$25
- 25 to 36 months of service – Greater of three percent of monthly salary or \$25
- Longer than 36 months of service – Greater of four percent of monthly salary or \$25

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

On June 30, 2025 and 2024, the Department reported a liability of \$3,780,644 and \$3,357,242, respectfully, for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024 and 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Department's proportion of the net pension liability was based on the Department's share of covered payroll in the Main System pension plan relative to the covered payroll of all participating Main System employers. On June 30, 2024 the Department's proportion was 0.202135 percent which was an increase of 0.028027 percent from its proportion measured as of June 30, 2023.

ND Department of Trust Lands

Notes to Financial Statements

June 30, 2025 and 2024

For the year ended June 30, 2025, the Department recognized pension expense of \$353,475. On June 30, 2025, the Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Resources	
	Outflows	Inflows
Differences between expected and actual experience	\$ 179,503	\$ -
Changes in assumptions	911,128	1,715,589
Net difference between projected and actual earnings on pension plan investment	-	34,568
Changes in proportion and differences between employer contributions and proportionate share of contributions	512,233	71,802
Employer contributions subsequent to the measurement date	260,777	-
TOTAL	\$ 1,863,641	\$ 1,821,959

The \$260,777 reported as deferred outflows of resources related to pensions resulting from Department contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2026.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30</u>	<u>Amount of Pension Expense</u>
2025	\$ (324,850)
2026	174,268
2027	(91,599)
2028	23,086
Thereafter	-

For the year ended June 30, 2024, the Department recognized pension expense of \$272,805. At June 30, 2024, the Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

ND Department of Trust Lands

Notes to Financial Statements

June 30, 2025 and 2024

	Deferred Resources	
	Outflows	Inflows
Differences between expected and actual experience	\$ 109,290	\$ 18,515
Changes in assumptions	1,851,222	2,548,232
Net difference between projected and actual earnings on pension plan investment	88,088	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	137,143	127,904
Employer contributions subsequent to the measurement date	233,034	-
TOTAL	\$ 2,418,777	\$ 2,694,651

The \$233,034 reported as deferred outflows of resources related to pensions resulting from Department contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2025.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30</u>	<u>Amount of Pension Expense</u>
2024	\$ 358,820
2025	(399,116)
2026	28,544
2027	(197,156)
Thereafter	-

Actuarial assumptions.

The total pension liability in the July 1, 2024, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary Increase	3.5% to 17.75% including inflation
Investment rate of return	6.50%, net of investment expenses
Cost-of-living adjustment	None

For active members, inactive members, and healthy retirees, mortality rates were based on the Sex-distinct Pub-2010 table for General Employees, with scaling based on actual experience. Respective corresponding tables were used for healthy retirees, disabled retirees, and active members. Mortality rates are projected from 2010 using the MP-2019 scale.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Fund's target asset allocation are summarized in the following table:

Fiscal Year Ended June 30, 2024

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	31.90%	5.40%
International Equity	19.10%	7.00%
Private Equity	7.00%	8.50%
Domestic Fixed Income	23.00%	2.88%
Global Real Assets	19.00%	6.10%

The total pension liability in the July 1, 2023, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary Increase	3.5% to 17.75% including inflation
Investment rate of return	6.50%, net of investment expenses
Cost-of-living adjustment	None

For active members, inactive members, and healthy retirees, mortality rates were based on the Sex-distinct Pub-2010 table for General Employees, with scaling based on actual experience. Respective corresponding tables were used for healthy retirees, disabled retirees, and active members. Mortality rates are projected from 2010 using the MP-2019 scale.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Fund's target asset allocation are summarized in the following table:

Fiscal Year Ended June 30, 2023

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	31.00%	6.25%
International Equity	20.00%	6.95%
Private Equity	7.00%	9.45%
Domestic Fixed Income	23.00%	2.51%
Global Real Assets	19.00%	4.33%

Discount rate.

For NDPERS, GASB Statement No. 67 includes a specific requirement for the discount rate that is used for the purpose of measurement of the Total Pension Liability. This rate considers the ability of the System to meet benefit obligations in the future. To make this determination, employer contributions, employee contributions, benefit payments, expenses, and investment returns are projected into the future. The current employer and employee fixed rate contributions are assumed to be made in each future year. The Plan Net Position (assets) in future years can then be determined and compared to its obligation to make benefit payments in those years. In years where assets are not projected to be sufficient to meet benefit payments, which is the case for the PERS plan, the use of a municipal bond rate is required.

The Single Discount Rate (SDR) is equivalent to applying these two rates to the benefits that are projected to be paid during the different time periods. The SDR reflects (1) the long-term expected rate of return on pension plan investments, during the period in which the fiduciary net position is projected to be sufficient to pay benefits; and (2) a tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date, to the extent that the contributions for use with the long-term expected rate of return are not met.

For purpose of this valuation, the expected rate of return on pension plan investments is 6.50%; the municipal bond rate is 3.97%; and the resulting Single Discount Rate is 6.50% for fiscal year ending June 30, 2025. For fiscal year ending June 20, 2024, the expected rate of return on pension plan investments was 6.50%; the municipal bond rate was 3.86%; and the resulting Single Discount Rate was 6.50%.

Sensitivity of the Employer's proportionate share of the net pension liability to changes in the discount rate.

The following presents the Department's proportionate share of the net pension liability calculated using the discount rate of 6.50 percent, as well as what the Department's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.50 percent) or 1-percentage-point higher (7.50 percent) than the current rate for the year ending June 30, 2025:

	1% Decrease in Discount Rate (5.50%)	Current Discount Rate (6.50%)	1% Increase in Discount Rate (7.50%)
Employer's proportionate share of the net pension liability	\$5,342,944	\$3,780,644	\$2,484,923

For the fiscal year ending June 30, 2024, the following presents the Department's proportionate share of the net pension liability calculated using the discount rate of 6.50 percent, as well as what the Department's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.50 percent) or 1-percentage-point higher (7.50 percent) than the current rate:

	1% Decrease in Discount Rate (5.50%)	Current Discount Rate (6.50%)	1% Increase in Discount Rate (7.50%)
Employer's proportionate share of the net pension liability	\$4,628,830	\$3,357,242	\$2,302,361

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued NDPERS financial report.

NOTE 23 – DEFINED BENEFIT OPEB PLAN

The following brief description of North Dakota Public Employees Retirement System (NDPERS) is provided for general information purposes only. Participants should refer to North Dakota Administrative Code (N.D.A.C.) Chapter 71-06 for more complete information.

NDPERS OPEB plan is a cost-sharing multiple-employer defined benefit OPEB plan that covers members receiving retirement benefits from the PERS, the Highway Patrol Retirement System (HPRS), and Judges retired under Chapter 27-17 of the North Dakota Century Code (N.D.C.C.) a credit toward their monthly health insurance premium under the state health plan based upon the member's years of credited service. Effective July 1, 2015, the credit is also available to apply towards monthly premiums under the state dental, vision and long-term care plan, and any other health insurance plan. Effective August 1, 2019, the benefit may be used for any eligible health, prescription drug plan, dental, vision, or long-term care plan premium expense. The Retiree Health Insurance Credit Fund is advance funded on an actuarially determined basis.

Responsibility for administration of the NDPERS define benefit OPEB plan is assigned to the NDPERS Board of Trustees (Board) comprised of eleven members. The Governor is responsible for the appointment of three members in addition to the Chairman of the Board. Four members are appointed by the legislative management, and the remaining three Board members are elected from active employees currently contributing to NDPERS.

OPEB Benefits

The employer contribution for the NDPERS, the HPRS, and the Defined Contribution Plan is set by statute at 1.14% of covered compensation. Employees participating in the retirement plan as part-time/temporary members are required to contribute 1.14% of their covered compensation to the Retiree Health Insurance Credit (RHIC) fund. Employees purchasing previous service credit are also required to make an employee contribution to the RHIC fund. The benefit amount applied each year is shown as "*prefunded credit applied*" on the Statement of Changes in Plan Net Position for the OPEB trust funds. Beginning January 1, 2020, members first enrolled in the NDPERS Main System and the Defined Contribution Plan on or after that date will not be eligible to participate in the RHIC fund.

Therefore, the RHIC fund will become for the most part a closed plan. There were no other benefit changes during the year.

Retiree health insurance credit benefits and death and disability benefits are set by statute. There are no provisions or policies with respect to automatic and ad hoc post-retirement benefit increases. Employees who are receiving monthly retirement benefits from the NDPERS, the HPRS, the Defined Contribution Plan, the Chapter 27-17 judges or an employee receiving disability benefits, or the spouse of a deceased annuitant receiving a surviving spouse benefit or if the member selected a joint and survivor option are eligible to receive a credit toward their monthly health insurance premium under the state health plan.

Effective July 1, 2015, the credit is also available to apply towards monthly premiums under the state dental, vision and long-term care plan and any other health insurance plan. Effective August 1, 2019, the benefit may be used for any eligible health, prescription drug plan, dental, vision, or long-term care plan premium expense. The benefits are equal to \$5.00 for each of the employees, or deceased employee's years of credited service not to exceed the premium in effect for selected coverage. The retiree health insurance credit is also available for early retirement with reduced benefits.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

On June 30, 2025 and 2024, the Department reported a liability of \$118,730 and \$127,592, respectively, for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2024 and 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The Department's proportion of the net OPEB liability was based on the Department's share of covered payroll in the OPEB plan relative to the covered payroll of all participating OPEB employers. At June 30, 2024, the Department's proportion was 0.13741 percent, which was an increase of 0.009786 percent from its proportion measured as of June 30, 2023.

For the year ended June 30, 2025, the Department recognized OPEB expense of \$16,784. On June 30, 2025, the Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Resources	
	Outflows	Inflows
Differences between expected and actual experience	\$ 1,466	\$ 913
Changes in assumptions	18,062	8,129
Net difference between projected and actual earnings on OPEB plan investment	-	4,441
Changes in proportion and differences between employer contributions and proportionate share of contributions	9,385	12,952
Employer contributions subsequent to the measurement date	18,300	-
TOTAL	\$47,213	\$ 26,435

The \$47,213 reported as deferred outflows of resources related to OPEB resulting from Department contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2026.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year ended June 30</u>	<u>Pension Expense Amount</u>
2025	\$ 2,868
2026	7,942
2027	(5,587)
2028	(2,745)
Thereafter	-

ND Department of Trust Lands

Notes to Financial Statements

June 30, 2025 and 2024

For the year ended June 30, 2024, the Department recognized OPEB expense of \$18,464. At June 30, 2024, the Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Resources	
	Outflows	Inflows
Differences between expected and actual experience	\$ 2,401	\$ 1,460
Changes in assumptions	27,212	10,566
Net difference between projected and actual earnings on OPEB plan investment	9,216	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	7,086	22,586
Employer contributions subsequent to the measurement date	16,821	-
TOTAL	\$ 62,736	\$ 34,612

The \$62,736 reported as deferred outflows of resources related to OPEB resulting from Department contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2025.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year ended June 30</u>	<u>Pension Expense Amount</u>
2025	\$ 3,801
2026	3,445
2027	8,189
2028	(4,132)
Thereafter	-

Actuarial assumptions.

The total OPEB liability in the July 1, 2024, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary increases	Not applicable
Investment rate of return	5.75%, net of investment expenses
Cost-of-living adjustments	None

For active members, inactive members, and healthy retirees, mortality rates were based on the MortalityPub-2010 Healthy Retiree Mortality table (for General Employees), sex-distinct, with rates multiplied by 103% for males and 101% for females. Pub-2010 Disable Retiree Mortality table (for General Employees), sex-distinct, with rates multiplied by 117% for males and 112% for females. Pub-2010 Employee Mortality table (for General Employees), sex-distinct, with rates multiplied by 92% for both males and females. Mortality rates are projected from 2010 using the MP-2019 scale.

The long-term expected investment rate of return assumption for the RHIC fund was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of RHIC investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Estimates of arithmetic real rates of return, for each major asset class included in the RHIC's target asset allocation as of July 1, 2024, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Large Cap Domestic Equities	33%	4.00%
Small Cap Domestic Equities	6%	6.00%
Domestic Fixed Income	35%	3.29%
International Equities	26%	7.00%

The total OPEB liability in the July 1, 2023, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary increases	Not applicable
Investment rate of return	5.75%, net of investment expenses
Cost-of-living adjustments	None

For active members, inactive members, and healthy retirees, mortality rates were based on the MortalityPub-2010 Healthy Retiree Mortality table (for General Employees), sex-distinct, with rates multiplied by 103% for males and 101% for females. Pub-2010 Disable Retiree Mortality table (for General Employees), sex-distinct, with rates multiplied by 117% for males and 112% for females. Pub-2010 Employee Mortality table (for General Employees), sex-distinct, with rates multiplied by 92% for both males and females. Mortality rates are projected from 2010 using the MP-2019 scale.

The long-term expected investment rate of return assumption for the RHIC fund was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of RHIC investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Estimates of arithmetic real rates of return, for each major asset class included in the RHIC's target asset allocation as of July 1, 2023, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Large Cap Domestic Equities	33%	6.10%
Small Cap Domestic Equities	6%	7.10%
Domestic Fixed Income	35%	2.59%
International Equities	26%	6.50%

Discount rate.

The discount rate used to measure the total OPEB liability was 5.75%. The projection of cash flows used to determine the discount rate assumed plan member and statutory rates described in this report. For this purpose, only employer contributions that are intended to fund benefits of current RHIC members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries are not included. Based on these assumptions, the RHIC fiduciary net position was projected to be sufficient to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on RHIC investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the Employer's proportionate share of the net pension liability to changes in the discount rate.

The following presents the net OPEB liability of the Plans as of June 30, 2024, calculated using the discount rate of 5.75 percent, as well as what the RHIC net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.75 percent) or 1-percentage-point higher (6.75 percent) than the current rate:

	1% Decrease <u>(4.75%)</u>	Current Discount Rate <u>(5.75%)</u>	1% Increase <u>(6.75%)</u>
Employer's proportionate share of the net OPEB liability	\$ 162,2757	\$ 118,730	\$ 82,055

The following presents the net OPEB liability of the Plans as of June 30, 2023, calculated using the discount rate of 5.75 percent, as well as what the RHIC net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.75 percent) or 1-percentage-point higher (6.75 percent) than the current rate:

	1% Decrease (4.75%)	Current Discount Rate (5.75%)	1% Increase (6.75%)
Employer's proportionate share of the net OPEB liability	\$ 167,687	\$ 127,592	\$ 93,837

NOTE 24 - RISK MANAGEMENT

The Department is exposed to various risks of loss related to torts, theft, damage, destruction of assets, errors and omissions, injuries to employees, and natural disasters. The Department participates in the following funds or pools:

The Risk Management Fund (RMF) provides liability coverage for the State of North Dakota, its agencies, and employees. The State Tort Claims Act, N.D.C.C. Chapter 32-12.2, governs the administration of the RMF and claims against the state and state employees for personal injury, death, or property damage caused by the state or a state employee acting within the scope of the employee's employment. All state agencies participate in the RMF, and their fund contribution is determined using a projected cost allocation approach. The statutory liability of the State is limited to a total of \$437,500 per person and \$1,750,000 per occurrence.

The Department also participates in the North Dakota Fire and Tornado Fund. The Department pays an annual premium to Fire and Tornado Fund to cover property damage to building and personal property. Replacement cost coverage is provided by estimating replacement cost in consultation with the Fire and Tornado Fund. The Fire and Tornado Fund is reinsured by a third-party insurance carrier for losses in excess of one million dollars per occurrence during a twelve-month period.

The State Bonding Fund currently provides the Department with blanket fidelity bond coverage in the amount of \$2,000,000 for its employees. The State Bonding Fund does not currently charge any premium for this coverage.

North Dakota Workforce Safety and Insurance is an enterprise fund of the State of North Dakota. Workforce Safety is a state insurance fund and a "no fault" insurance system covering the State's employers and employees financed by premiums assessed to employers. The premiums are available for the payment of claims to employees injured in the course of employment.

There have been no significant reductions in insurance coverage from the prior year and settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

ND Department of Trust Lands

Combined Balance Sheet – Nonmajor Government Funds

June 30, 2025

North Dakota Department of Trust Lands
SUPPLEMENTARY INFORMATION
 Combining Balance Sheet
 Non-major Governmental Funds
 June 30, 2025

	Special Revenue Funds													Special Revenue Funds	Total Non-major Governmental Funds
	<u>N.D.S.U.</u>	<u>School for the Blind</u>	<u>School for the Deaf</u>	<u>State Hospital</u>	<u>Ellendale</u>	<u>Valley City State U.</u>	<u>Mayville State U.</u>	<u>Industrial School</u>	<u>School of Science</u>	<u>School of Mines</u>	<u>Veterans Home</u>	<u>U.N.D.</u>	<u>Total</u>	<u>Capitol Building</u>	
Assets:															
Cash	\$ 5,423,600	\$ 995,805	\$ 1,073,270	\$ 335,521	\$ 1,751,153	\$ 1,218,269	\$ 716,608	\$ 2,156,156	\$ 425,683	\$ 1,238,753	\$ 344,111	\$ 2,575,482	\$ 18,254,411	\$ 1,279,246	\$ 19,533,657
Investments	109,294,128	18,808,600	29,150,877	18,223,087	35,817,458	20,856,989	14,921,382	40,671,497	26,518,038	32,701,269	6,939,527	54,224,784	408,127,636	5,930,601	414,058,237
Interest receivable	97,454	16,689	25,162	15,009	32,285	18,839	13,862	36,944	23,222	28,693	5,887	48,627	362,673	104,417	467,090
Accounts receivable	647,087	209,680	129,030	55,274	108,170	111,334	48,587	239,091	53,658	99,555	31,212	154,079	1,886,757	118,409	2,005,166
Invested securities lending collateral	-	-	-	-	-	-	-	-	-	-	-	-	-	1,005,562	1,005,562
Loans															
Farm loans	41,517	8,014	11,379	11,659	7,473	9,459	6,808	16,112	11,864	11,973	9,389	19,051	164,698		164,698
Total Assets	\$ 115,503,786	\$ 20,038,788	\$ 30,389,718	\$ 18,640,550	\$ 37,716,539	\$ 22,214,890	\$ 15,707,247	\$ 43,119,800	\$ 27,032,465	\$ 34,080,243	\$ 7,330,126	\$ 57,022,023	\$ 428,796,175	\$ 8,438,235	\$ 437,234,410
Liabilities:															
Securities lending collateral	-	-	-	-	-	-	-	-	-	-	-	-	-	1,005,562	1,005,562
Accounts payable															
Investments	2,996	516	799	500	982	572	409	1,115	727	896	190	1,487	11,189	6,073	17,262
Salaries and benefits	4,568	840	1,046	527	1,167	1,367	887	1,575	843	935	339	2,402	16,496	1,862	18,358
Operating	920	150	267	77	236	281	171	271	164	149	67	464	3,217	426	3,643
Due to other state agencies	2,012	297	596	145	527	684	392	661	308	321	109	957	7,009	883	7,892
Total Liabilities	10,496	1,803	2,708	1,249	2,912	2,904	1,859	3,622	2,042	2,301	705	5,310	37,911	1,014,806	1,052,717
Equity:															
Fund Balance:															
Special revenue funds															
Restricted	115,493,290	20,036,985	30,387,010	18,639,301	37,713,627	22,211,986	15,705,388	43,116,178	27,030,423	34,077,942	7,329,421	57,016,713	428,758,264	7,423,429	436,181,693
Total Fund Balance	115,493,290	20,036,985	30,387,010	18,639,301	37,713,627	22,211,986	15,705,388	43,116,178	27,030,423	34,077,942	7,329,421	57,016,713	428,758,264	7,423,429	436,181,693
Total Liabilities and Fund Balances	\$ 115,503,786	\$ 20,038,788	\$ 30,389,718	\$ 18,640,550	\$ 37,716,539	\$ 22,214,890	\$ 15,707,247	\$ 43,119,800	\$ 27,032,465	\$ 34,080,243	\$ 7,330,126	\$ 57,022,023	\$ 428,796,175	\$ 8,438,235	\$ 437,234,410

ND Department of Trust Lands
Combining Balance Sheet – Nonmajor Government Funds
June 30, 2024

North Dakota Department of Trust Lands
SUPPLEMENTARY INFORMATION
Combining Balance Sheet
Non-major Governmental Funds
June 30, 2024

	Special Revenue Funds													Special Revenue Funds	Total
	N.D.S.U.	School for the Blind	School for the Deaf	State Hospital	Ellendale	Valley City State U.	Mayville State U.	Industrial School	School of Science	School of Mines	Veterans Home	U.N.D.	Total	Capitol Building	Non-major Governmental Funds
Assets:															
Cash	\$ 6,078,007	\$ 928,379	\$ 894,972	\$ 412,837	\$ 1,987,746	\$ 1,224,981	\$ 948,503	\$ 2,528,753	\$ 594,084	\$ 1,530,514	\$ 587,957	\$ 2,735,815	\$ 20,452,548	\$ 3,575,629	\$ 24,028,177
Investments	96,626,216	16,686,238	26,119,393	16,590,231	31,705,543	17,653,576	12,646,292	35,213,644	23,873,806	29,301,856	6,109,438	47,986,535	360,512,768	5,626,877	366,139,645
Interest receivable	102,902	17,309	30,891	41,737	12,162	21,831	15,260	39,953	33,831	33,799	21,572	46,513	417,760	95,355	513,115
Accounts receivable	543,200	66,448	83,049	24,243	163,777	139,411	136,425	448,225	71,756	183,895	5,791	274,273	2,140,493	361,635	2,502,128
Invested securities lending collateral	-	-	-	-	-	-	-	-	-	-	-	-	-	3,097,395	3,097,395
Loans															
Loans - Farm	44,725	8,633	12,259	12,561	8,050	10,190	7,334	17,357	12,781	12,898	10,115	20,523	177,426	-	177,426
Total Assets	\$ 103,395,050	\$ 17,707,007	\$ 27,140,564	\$ 17,081,609	\$ 33,877,278	\$ 19,049,989	\$ 13,753,814	\$ 38,247,932	\$ 24,586,258	\$ 31,062,962	\$ 6,734,873	\$ 51,063,659	\$ 383,700,995	\$ 12,756,891	\$ 396,457,886
Liabilities:															
Securities lending collateral	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,097,395	\$ 3,097,395
Accounts payable															
Investments	4,893	867	1,437	973	1,508	872	550	1,626	1,220	1,497	354	2,359	18,155	6,959	25,114
Salaries and benefits	3,672	677	1,101	339	1,276	1,082	634	1,996	1,037	944	324	2,108	15,190	1,914	17,104
Operating	3,591	646	1,122	243	1,839	1,325	728	2,726	664	1,039	765	2,261	16,950	2,022	18,971
Due to other state agencies	602	115	174	77	203	173	108	288	132	146	110	343	2,471	288	2,759
Total Liabilities	12,758	2,304	3,833	1,632	4,826	3,452	2,020	6,636	3,053	3,627	1,553	7,071	52,765	3,108,578	3,161,343
Equity:															
Fund Balance:															
Special revenue funds															
Restricted	103,382,292	17,704,703	27,136,731	17,079,977	33,872,452	19,046,537	13,751,794	38,241,296	24,583,205	31,059,335	6,733,320	51,056,588	383,648,230	9,648,313	393,296,543
Total Fund Balance	103,382,292	17,704,703	27,136,731	17,079,977	33,872,452	19,046,537	13,751,794	38,241,296	24,583,205	31,059,335	6,733,320	51,056,588	383,648,230	9,648,313	393,296,543
Total Liabilities and Fund Balances	\$ 103,395,050	\$ 17,707,007	\$ 27,140,564	\$ 17,081,609	\$ 33,877,278	\$ 19,049,989	\$ 13,753,814	\$ 38,247,932	\$ 24,586,258	\$ 31,062,962	\$ 6,734,873	\$ 51,063,659	\$ 383,700,995	\$ 12,756,891	\$ 396,457,886

ND Department of Trust Lands

Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Nonmajor Government Funds

June 30, 2025

North Dakota Department of Trust Lands
SUPPLEMENTARY INFORMATION
 Combining Statement of Revenues, Expenditures and Changes in Fund Balance
 Non-major Governmental Funds
 For the Year Ended June 30, 2025

	Special Revenue Funds														Special Revenue Funds	Total
Revenues:	N.D.S.U.	School for the Blind	School for the Deaf	State Hospital	Ellendale	Valley City State U.	Mayville State U.	Industrial School	School of Science	School of Mines	Veterans Home	U.N.D.	Total	Capitol Building	Non-major Governmental Funds	
Investment Income	\$ 896,811	\$ 190,755	\$ 210,977	\$ 141,984	\$ 290,610	\$ 181,124	\$ 148,319	\$ 350,697	\$ 172,086	\$ 248,049	\$ 61,393	\$ 499,368	\$ 3,392,173	\$ 337,514	\$ 3,729,687	
Loan income																
Farm loans	3,298	637	904	926	594	751	541	1,280	943	951	746	1,513	13,084	-	13,084	
Change in fair value of investments	10,776,087	1,857,826	2,894,710	1,823,552	3,532,582	2,010,524	1,439,328	3,966,633	2,639,153	3,247,312	683,565	5,348,904	40,220,176	108,367	40,328,543	
Securities lending income													-	65,413	65,413	
Royalties	4,198,169	927,639	1,015,488	322,733	1,203,553	1,617,018	791,032	1,874,903	537,645	662,860	96,629	1,792,048	15,039,717	1,680,319	16,720,036	
Bonuses	247	1,814	205,001	1,120	160	530	30	8,082	22,316	1,280	-	58,854	299,434	-	299,434	
Rental income	295,456	58,311	87,915	43,394	87,846	90,763	60,107	91,351	82,302	81,043	47,201	206,242	1,231,931	259,002	1,490,933	
Total Revenues	16,170,068	3,036,982	4,414,995	2,333,709	5,115,345	3,900,710	2,439,357	6,292,946	3,454,445	4,241,495	889,534	7,906,929	60,196,515	2,450,615	62,647,130	
Expenditures:																
Current																
General government	-	-	-	-	-	-	-	-	-	-	-	-	-	125,499	125,499	
Education	235,070	36,700	65,716	28,385	71,220	58,261	38,763	87,064	49,227	56,888	18,433	119,804	865,531	-	865,531	
Total Expenditures	235,070	36,700	65,716	28,385	71,220	58,261	38,763	87,064	49,227	56,888	18,433	119,804	865,531	125,499	991,030	
Excess of revenue over expenditures	15,934,998	3,000,282	4,349,279	2,305,324	5,044,125	3,842,449	2,400,594	6,205,882	3,405,218	4,184,607	871,101	7,787,125	59,330,984	2,325,116	61,656,100	
Other Financing Uses:																
Transfer to Educational Institutions	(3,824,000)	(668,000)	(1,099,000)	(746,000)	(1,202,950)	(677,000)	(447,000)	(1,331,000)	(958,000)	(1,166,000)	(275,000)	(1,827,000)	(14,220,950)		(14,220,950)	
Transfer to Facilities Management	-	-	-	-	-	-	-	-	-	-	-	-	-	(4,550,000)	(4,550,000)	
Total Other Financing Uses	(3,824,000)	(668,000)	(1,099,000)	(746,000)	(1,202,950)	(677,000)	(447,000)	(1,331,000)	(958,000)	(1,166,000)	(275,000)	(1,827,000)	(14,220,950)	(4,550,000)	(18,770,950)	
Increase (decrease) in net position	12,110,998	2,332,282	3,250,279	1,559,324	3,841,175	3,165,449	1,953,594	4,874,882	2,447,218	3,018,607	596,101	5,960,125	45,110,034	(2,224,884)	42,885,150	
Net position - beginning	103,382,292	17,704,703	27,136,731	17,079,977	33,872,452	19,046,537	13,751,794	38,241,296	24,583,205	31,059,335	6,733,320	51,056,588	383,648,230	9,648,313	393,296,542	
Net position - ending	\$ 115,493,290	\$ 20,036,985	\$ 30,387,010	\$ 18,639,301	\$ 37,713,627	\$ 22,211,986	\$ 15,705,388	\$ 43,116,178	\$ 27,030,423	\$ 34,077,942	\$ 7,329,421	\$ 57,016,713	\$ 428,758,264	\$ 7,423,429	\$ 436,181,692	

ND Department of Trust Lands
Combining Statement of Revenues, Expenditures and
Changes in Fund Balance – Nonmajor Government Funds
June 30, 2024

North Dakota Department of Trust Lands
SUPPLEMENTARY INFORMATION
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Non-major Governmental Funds
June 30, 2024

Revenues:	Special Revenue Funds													Special Revenue Funds	Total
	N.D.S.U.	School for the Blind	School for the Deaf	State Hospital	Ellendale	Valley City State U.	Mayville State U.	Industrial School	School of Science	School of Mines	Veterans Home	U.N.D.	Total	Capitol Building	Non-major Governmental Funds
Investment income	\$ 1,609,292	\$ 283,988	\$ 435,435	\$ 274,578	\$ 548,856	\$ 302,551	\$ 200,360	\$ 591,494	\$ 415,632	\$ 482,004	\$ 108,129	\$ 825,965	\$ 6,078,284	\$ 530,733	\$ 6,609,017
Loan income															
Farm	5,090	983	1,395	1,430	916	1,160	835	1,975	1,455	1,468	1,151	2,336	20,194	-	20,194
Change in fair value of investments	7,703,693	1,364,368	2,262,494	1,532,760	2,373,968	1,373,040	866,244	2,559,427	1,920,967	2,357,602	556,896	3,713,838	28,585,297	413,991	28,999,288
Securities lending income	138,862	24,593	40,782	27,628	42,792	24,749	15,614	46,135	34,626	42,497	10,038	66,943	515,259	119,202	634,461
Royalties	4,233,335	650,212	1,218,080	92,602	1,618,676	1,234,352	864,105	3,107,249	796,831	1,009,717	49,180	2,160,959	17,035,298	2,325,550	19,360,848
Bonuses	35,136	-	1,832	3,600	8,320	1,720	28,655	800	880	-	404,480	-	485,423	-	485,423
Rental income	388,806	57,501	86,438	44,224	82,224	87,094	58,067	77,631	82,944	70,840	46,643	183,862	1,266,274	195,405	1,461,679
Total Revenues	14,114,214	2,381,645	4,046,456	1,976,822	4,675,752	3,024,666	2,033,880	6,384,711	3,253,335	3,964,128	1,176,517	6,953,903	53,986,029	3,584,881	57,570,910
Expenditures:															
Current															
General government	-	-	-	-	-	-	-	-	-	-	-	-	-	167,326	167,326
Education	301,202	51,641	86,387	55,737	96,325	65,104	41,318	110,310	73,999	86,996	24,567	154,141	1,147,727	-	1,147,727
Total Expenditures	301,202	51,641	86,387	55,737	96,325	65,104	41,318	110,310	73,999	86,996	24,567	154,141	1,147,727	167,326	1,315,053
Excess of revenue over expenditures	13,813,012	2,330,004	3,960,069	1,921,085	4,579,427	2,959,562	1,992,562	6,274,401	3,179,336	3,877,132	1,151,950	6,799,762	52,838,302	3,417,555	56,255,857
Other Financing Uses:															
Transfer to Educational Institutions	(3,824,000)	(668,000)	(1,099,000)	(746,000)	(1,202,950)	(677,000)	(447,000)	(1,331,000)	(958,000)	(1,166,000)	(275,000)	(1,827,000)	(14,220,950)	-	(14,220,950)
Transfer to Facilities Management	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,250,000)	(1,250,000)
Total Other Financing Uses	(3,824,000)	(668,000)	(1,099,000)	(746,000)	(1,202,950)	(677,000)	(447,000)	(1,331,000)	(958,000)	(1,166,000)	(275,000)	(1,827,000)	(14,220,950)	(1,250,000)	(15,470,950)
Increase (decrease) in net position	9,989,012	1,662,004	2,861,069	1,175,085	3,376,477	2,282,562	1,545,562	4,943,401	2,221,336	2,711,132	876,950	4,972,762	38,617,352	2,167,555	40,784,907
Net position - beginning	93,393,280	16,042,699	24,275,662	15,904,892	30,495,975	16,763,975	12,206,232	33,297,895	22,361,869	28,348,203	5,856,370	46,083,826	345,030,878	7,480,758	352,511,636
Net position - ending	\$ 103,382,292	\$ 17,704,703	\$ 27,136,731	\$ 17,079,977	\$ 33,872,452	\$ 19,046,537	\$ 13,751,794	\$ 38,241,296	\$ 24,583,205	\$ 31,059,335	\$ 6,733,320	\$ 51,056,588	\$ 383,648,230	\$ 9,648,313	\$ 393,296,542

ND Department of Trust Lands

Schedule of Expenditures Biennium Ended June 30, 2025

During the Sixty-ninth Legislative Assembly, Senate Bill 2013 provided an appropriation to defray the expenses of the Commissioner of University and School Lands for the 2023-25 biennium, as outlined in the following disclosures.

	Biennium Appropriation July 1, 2023 to June 30, 2025	Expenditures Fiscal Year Ended June 30, 2024	Expenditures Fiscal Year Ended June 30, 2025	Unexpended Appropriations
APPROPRIATED EXPENDITURES				
Salaries and Wages*	\$ 8,823,877	\$ 4,029,795	\$ 4,323,942	\$ 470,140
Operating Expenses	1,769,094	462,001	530,963	776,130
Capital Assets	4,949,500	486,233	3,975,950	487,317
Contingencies	100,000	-	-	100,000
Total	<u>\$ 15,642,471</u>	<u>\$ 4,978,029</u>	<u>\$ 8,830,855</u>	<u>\$ 1,833,587</u>

*As of June 30, 2024, appropriations increased by \$1,300,056, funded through allocations from the State's equity and FTE funding pools.

APPROPRIATED EXPENDITURE RECONCILIATION:

	Expenditures Fiscal Year End June 30, 2024	Expenditures Fiscal Year End June 30, 2025	2023-25 Biennium Expenditures
<u>SALARIES AND WAGES</u>			
Department of Trust Lands			
Salaries and wages	\$ 2,553,560	\$ 2,759,140	\$ 5,312,700
Social security	191,963	208,296	400,259
Health and life insurance	484,345	493,724	978,069
State retirement	324,522	361,782	686,304
Annual and sick leave benefits	2,061	11,481	13,542
Miscellaneous	7,113	6,512	13,625
Total	<u>\$ 3,563,564</u>	<u>\$ 3,840,935</u>	<u>\$ 7,404,499</u>
Unclaimed Property Division			
Salaries and wages	\$ 312,768	327,705	\$ 640,473
Social security	23,589	24,621	48,210
Health and life insurance	89,198	87,325	176,523
State retirement	39,910	42,449	82,359
Annual and sick leave benefits	86	19	105
Miscellaneous	680	888	1,568
Total	<u>\$ 466,231</u>	<u>\$ 483,007</u>	<u>\$ 949,238</u>
Grand Total	<u>\$ 4,029,795</u>	<u>\$ 4,323,942</u>	<u>\$ 8,353,737</u>

ND Department of Trust Lands

Schedule of Expenditures

Biennium Ended June 30, 2025

	Expenditures Fiscal Year End June 30, 2024	Expenditures Fiscal Year End June 30, 2025	2023-25 Biennium Expenditures
<u>OPERATING EXPENSES</u>			
Department of Trust Lands			
Travel	\$ 31,074	\$ 28,374	\$ 59,448
Software/licenses/IT supplies	2,117	18,931	21,048
Operating	65,347	48,834	114,181
Postage	10,750	20,251	31,001
Printing	4,186	3,581	7,767
Equipment – IT and office	2,363	49,725	52,088
OMB – Risk Management	3,757	4,290	8,047
Building rent	78,284	68,947	147,231
NDIT expenditures	149,700	100,338	250,038
Professional development	33,597	26,961	60,558
Legal fees	80,826	160,731	241,557
Grand Total	<u>\$ 462,001</u>	<u>\$ 530,963</u>	<u>\$ 992,964</u>
<u>CAPITAL ASSET</u>			
Equipment	\$ -	\$ 29,229	\$ 29,229
IT – consultant/development	486,233	3,946,721	4,432,954
Grand Total	<u>\$ 486,233</u>	<u>\$ 3,975,950</u>	<u>\$ 4,462,183</u>

NON-APPROPRIATED EXPENDITURE RECONCILIATION

The continuing appropriation for non-appropriated expenditures is authorized by the Board of University and School Lands under various provisions of the North Dakota Century Code, as outlined in the following disclosures.

ND Department of Trust Lands

Schedule of Expenditures Biennium Ended June 30, 2025

	Expenditures Fiscal Year End June 30, 2024	Expenditures Fiscal Year End June 30, 2025	2023-25 Biennium Expenditures
Department of Trust Lands			
Strategic Investment & Improvements Fund:			
Legal fees	\$ 166,978	\$ 1,506,221	\$ 1,673,199
Total	166,978	1,506,221	1,673,199
Investments:			
Manager fees	73,082,013	91,569,730	164,651,743
Travel	-	8,744	8,744
Software/licenses	7,647	137,440	145,087
Legal fees	130,514	81,224	211,738
Total	73,220,174	91,797,138	165,017,312
Operations:			
Software/licenses	24,046	131,353	155,399
NDIT expenditures	674,383	534,287	1,208,670
Legal fees	33,300	35,550	68,850
Building expenses	166,991	69,891	236,882
Total	898,720	771,081	1,669,801
	Expenditures Fiscal Year End June 30, 2024	Expenditures Fiscal Year End June 30, 2025	2023-25 Biennium Expenditures
Minerals:			
Software/licenses	550	2,649	3,199
Subscription fee	35,764	35,970	71,734
Total	36,314	38,619	74,933
Surface:			
Temporary salaries	90,622	101,291	191,913
Travel	89,888	95,766	185,654
Software/licenses	8,485	9,212	17,697
Supplies	2,850	2,140	4,990
NDIT expenditures	23,889	24,960	48,849
Advertising	4,701	21,277	25,978
Rent/land value survey	47,807	47,807	95,614
Legal/consulting services	2,597	-	2,597
Total	270,839	302,453	573,292
County Services – Road & Bridges			
	118,434	123,913	242,347
In Lieu Property Taxes			
	146,200	153,564	299,764
Total	264,634	277,477	542,111
Total - Dept of Trust Lands			
	\$ 74,857,659	\$ 94,692,989	\$ 169,550,648

ND Department of Trust Lands

Schedule of Expenditures

Biennium Ended June 30, 2025

Unclaimed Property Division:			
Travel	\$ 7,478	\$ 6,022	\$ 13,500
Software/licenses	159,557	166,011	325,568
Promotional supplies	10,072	1,487	11,559
Postage	8,776	18,065	26,841
Printing	3,617	3,753	7,370
Contractual services	50,469	69,467	119,936
NDIT expenditures	9,163	9,610	18,773
Professional development	6,162	1,956	8,118
Third party auditor fees	83,586	229,074	312,660
Professional fees	3,662	3,003	6,665
Total – Unclaimed Property	\$ 342,542	\$ 508,448	\$ 850,990
 TOTAL*	 \$ 75,200,201	 \$ 95,201,437	 \$ 170,401,638

*Totals reflect the Department's expenditures processed through the State Treasurer's Office using the State's PeopleSoft system, exclusive of investments. Investment manager fees are generally remitted quarterly through the Payden & Rygel cash account; however, several managers deduct fees directly from mutual or commingled fund investments.

The following information discloses the Department's continuing appropriation authority.

NDCC 15-03-16 Investments. To pay costs related to investments controlled by the Board, including investment management fees, trustee fees, consulting fees, custodial fees, and the cost of capitalized building repairs and renovations.

NDCC 15-04-23 County Services. This statute requires the Board to pay a fee to counties in which the state retains original grant lands for roads and bridges.

NDCC 15-04-24 Grant Land. To pay expenses for trust lands controlled by the Board, including appraisal fees, survey costs, surface lease refunds, weed and insect control costs, clean-up costs, capital improvement rent credits, and expenses necessary to manage, preserve, and enhance the value of trust assets.

NDCC 15-05-19 Mineral Leases. To pay expenses for minerals controlled by the Board, including appraisal fees, consulting fees, refunds, and expenses necessary to manage, preserve, and enhance the value of the trust asset.

NDCC 15-06-22 Grant Land. This statute allows the Board to pay expenses relating to the sale of original grant land including appraisal fees.

NDCC 15-07-22 Non-Grant Land. To pay expenses for trust lands controlled by the Board, including appraisal fees, survey costs, clean-up or demolition costs, weed and insect control costs, rural fire district reimbursements for fire protection, and expenses necessary to manage, preserve, and enhance the value of the trust asset.

ND Department of Trust Lands

Schedule of Expenditures

Biennium Ended June 30, 2025

NDCC 15-08-04 Land Surveys. To pay all expenses to ascertain the true boundaries of any tract of land, or to describe or dispose of the same in suitable and convenient lots.

NDCC 15-68-06 Indian Cultural Education Trust. To pay expenses for lands donated under this chapter including survey costs, surface lease refunds, weed and insect control, cleanup costs, capital improvement rent credits, in lieu of tax payments, or expenses necessary to manage, preserve, and enhance the value of the trust asset.

NDCC 57-02.3-07 In Lieu Property Taxes. This statute requires the Board to pay counties in which State property is located in lieu of property taxes.

NDCC 47-30.2-46 Uniform Unclaimed Property Act. To pay expense deductions under this section.

ND Department of Trust Lands
Schedule of Contributions to NDPERS Pension Plan
Last Ten Fiscal Years
June 30, 2025

<u>Fiscal Year Ending</u>	<u>Pension Plan</u>	<u>Statutorily Required Contribution</u>	<u>Contributions in Relation to the Statutorily Required Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>Trust Land's Covered- Employee Payroll</u>	<u>Contributions as a Percentage of Covered- Employee Payroll</u>
June 30						
2016	PERS	\$ 141,442	\$ (127,027)	\$ 14,415	\$1,953,665	7.25%
2017	PERS	\$ 145,736	\$ (147,738)	\$ (2,002)	\$2,046,857	7.12%
2018	PERS	\$ 133,932	\$ (133,932)	\$ -	\$1,881,070	7.12%
2019	PERS	\$ 128,815	\$ (128,815)	\$ -	\$1,809,201	7.12%
2020	PERS	\$ 109,479	\$ (139,425)	\$ (29,946)	\$1,503,712	9.27%
2021	PERS	\$ 135,363	\$ 112,173	\$ 23,190	\$1,911,670	5.87%
2022	PERS	\$ 153,632	\$ 162,149	\$ (8,517)	\$2,083,266	7.78%
2023	PERS	\$ 153,371	\$ 154,858	\$ (1,487)	\$2,036,343	7.60%
2024	PERS	\$ 161,069	\$ 158,083	\$ 2,986	\$2,129,114	7.42%
2025	PERS	\$ 218,275	\$ 219,886	\$ (1,611)	\$2,651,603	8.29%

ND Department of Trust Lands
Schedule of Employer's Proportionate Share of Net Pension Liability
Last Ten Fiscal Years
June 30, 2025

For the Fiscal Year Ended June 30	Trust Land's Proportion of the Net Pension Liability (Asset)	Trust Land's Proportionate Share of the Net Pension Liability (Asset) (a)	Trust Land's Covered-Employee Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered- employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2016 PERS	0.175799%	\$ 1,195,403	\$ 1,566,160	76.33%	77.15%
2017 PERS	0.193861%	\$ 1,889,364	\$ 1,953,665	96.71%	70.46%
2018 PERS	0.199582%	\$ 3,207,938	\$ 2,037,416	157.45%	61.98%
2019 PERS	0.171598%	\$ 2,895,903	\$ 1,762,859	164.27%	62.80%
2020 PERS	0.144564%	\$ 1,694,395	\$ 1,503,712	112.68%	71.66%
2021 PERS	0.173297%	\$ 5,451,961	\$ 1,911,670	285.19%	48.91%
2022 PERS	0.183971%	\$ 1,917,531	\$ 2,083,266	92.04%	78.26%
2023 PERS	0.175542%	\$ 5,052,213	\$ 2,036,343	248.10%	54.47%
2024 PERS	0.174108%	\$ 3,357,242	\$ 2,129,114	157.68%	65.31%
2025 PERS	0.202135%	\$ 3,780,644	\$ 2,651,603	142.58%	68.02%

Notes to Required Supplement Information:

Changes of benefit terms.

In 2023, House Bill 1040 was passed, which closes the Main System to employees newly enrolled into the system on January 1, 2025, and later. The state employer contribution for 2026 and later was changed to be the amount sufficient to fund the Main System on actuarial basis, with the amortization of the unfunded liability determined on a level percent of payroll basis over a closed period beginning on January 1, 2026, and ending June 30, 2056.

Changes of assumptions.

All actuarial assumptions used in the actuarial valuation as of July 1, 2024, were based on an experience review for the period from July 1, 2014, to July 1, 2019, and were adopted for first use commencing with the actuarial valuation as of July 1, 2020. There have been no changes in actuarial assumptions since the previous actuarial valuation as of July 1, 2023.

ND Department of Trust Lands
Schedule of Contributions to NDPERS OPEB Plan
Last Ten Fiscal Years*
June 30, 2025

For the Fiscal Year Ending	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	Covered– Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
June 30					
2018	\$ 21,444	\$ (21,444)	\$ -	\$ 1,881,070	1.14%
2019	\$ 20,625	\$ (20,625)	\$ -	\$ 1,809,201	1.14%
2020	\$ 20,677	\$ (19,745)	\$ 932	\$ 1,762,859	1.12%
2021	\$ 20,073	\$ 17,433	\$ 2,640	\$ 1,708,677	1.02%
2022	\$ 21,488	\$ 22,529	\$ (1,041)	\$ 1,786,875	1.26%
2023	\$ 17,133	\$ 18,744	\$ (1,611)	\$ 1,407,646	1.33%
2024	\$ 15,490	\$ 15,663	\$ (173)	\$ 1,282,850	1.22%
2025	\$ 16,940	\$ 16,821	\$ 119	\$ 1,424,537	1.18%

*Complete data for this schedule is not available prior to 2018.

ND Department of Trust Lands
Schedule of Employer's Proportionate Share of Net OPEB Liability
Last Ten Fiscal Years*
June 30, 2025

For the Fiscal Year Ended June 30	Proportion of the Net OPEB Liability (Asset)	Proportionate Share of the Net OPEB Liability (Asset) (a)	Covered-Employee Payroll	Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered- employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2018	0.188329%	\$ 148,970	\$ 2,037,416	7.31%	59.78%
2019	0.161107%	\$ 126,883	\$ 1,762,859	7.20%	61.89%
2020	0.134758%	\$ 108,236	\$ 1,503,712	7.20%	63.30%
2021	0.149889%	\$ 126,085	\$ 1,708,677	7.38%	63.38%
2022	0.163895%	\$ 91,154	\$ 1,786,875	5.10%	76.63%
2023	0.136346%	\$ 163,657	\$ 1,407,646	11.63%	56.28%
2024	0.127624%	\$ 127,592	\$ 1,282,850	9.95%	62.74%
2025	0.137410%	\$ 118,730	\$ 1,424,537	8.33%	68.35%

*Complete data for this schedule is not available prior to 2018.

Notes to the Required Supplementary Information:

Changes to benefit terms

Beginning January 1, 2020, members first enrolled in the NDPERS Main System and the Defined Contribution Plan on or after that date will not be eligible to participate in RHIC. Therefore, RHIC will become for the most part a closed plan. There have been no other changes in plan provisions since the previous actuarial valuation as of July 1, 2023.

Changes to assumptions

All actuarial assumptions used in the actuarial valuation as of July 1, 2024, were based on an experience review for the period from July 1, 2014, to July 1, 2019, and were adopted for first use commencing with the actuarial valuation as of July 1, 2020. There have been no changes in actuarial assumptions since the previous actuarial valuation as of July 1, 2023.



**Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other
Matters Based on an Audit of Financial Statements Performed in Accordance with
*Government Auditing Standards***

State Land Board and the
Legislative Assembly
State of North Dakota
Bismarck, North Dakota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of North Dakota Department of Trust Lands (the Department), an agency of the State of North Dakota, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Department's basic financial statements, and have issued our report thereon dated October 21, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Department's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Department's internal control. Accordingly, we do not express an opinion on the effectiveness of the Department's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Department's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Department's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Bismarck, North Dakota
October 21, 2025



**North Dakota Department of Trust Lands
Independent Auditor's Comments Requested by the North Dakota Legislative Audit and Fiscal
Review Committee
Year Ended June 30, 2025**

State Land Board and the
Legislative Assembly
State of North Dakota
Bismarck, North Dakota

The Legislative Audit and Fiscal Review Committee requires a separate audit summary from certified public accountants performing audits of state agencies. The separate audit summary regarding the June 30, 2025 audit of North Dakota Department of Trust Lands is as follows:

Purpose of the Audit

The North Dakota Department of Trust Lands (Department) is an agency of the state of North Dakota and is included in the State's Annual Comprehensive Financial Report (ACFR). The purpose of the audit of the Department is to express an opinion on the financial statements of the North Dakota Department of Trust Lands.

The objectives of our audit of the financial statements are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America (GAAS) and in accordance with Government Auditing Standards, will always detect a material misstatement when it exists. Misstatements, including omissions, can arise from fraud or error and are considered material if there is a substantial likelihood that, individually and in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

Type of Audit Opinion

We issued an unmodified opinion on the financial statements of North Dakota Department of Trust Lands.

Findings and Recommendations

We have no findings or recommendations to communicate as a result of the audit.

Status of Prior Recommendations

There were no findings or recommendations communicated in the prior audit.

Explanations of Significant Audit Adjustments and Misstatements

There were no significant audit adjustments or misstatements that were identified as a result of our audit procedures.

Disagreements with Management or Difficulties Encountered during the Audit

No disagreements with management arose during the course of the audit.

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Other Audit Report Highlights

None

Cost of the Audit Compared to the Prior Audit

The cost of the 2025 North Dakota Department of Trust Lands audit was \$52,745.

The cost of the 2024 North Dakota Department of Trust Lands audit was \$50,775.

This report is intended solely for the information and use of the State Land Board, the Legislative Assembly, and management of the Department, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Erik Bailly LLP". The signature is written in a cursive, flowing style.

Bismarck, North Dakota
October 21, 2025