

1994-1996

SIXTIETH BIENNIAL REPORT



***BOARD OF
EDUCATIONAL LANDS
AND FUNDS***

GOVERNOR E. BENJAMIN NELSON

RICHARD R. LEBLANC

Executive Secretary

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BOARD OF EDUCATIONAL LANDS AND FUNDS

RICHARD R. LEBLANC
Executive Secretary
ROXANNE SUESZ
CINDY S. H. KEHLING
Executive Assistants



L. JAY GILDERSLEEVE
General Counsel
Minerals Director
Deputy Director
LAURA B. BAHR
Minerals Administrator

LETTER OF TRANSMITTAL

September 3, 1996

The Honorable E. Benjamin Nelson
Governor of Nebraska
State Capitol
Lincoln, Nebraska 68509

Dear Governor Nelson:

On behalf of the Board of Educational Lands and Funds, I am pleased to submit this 60th Biennial Report of its administration of Nebraska's School Trust from July 1, 1994, through June 30, 1996.

This report reflects the broad scope of activity and the extensive responsibility of the Board and its staff in the management of more than 1.5 million acres of School Trust Lands.

Total K-12 School Trust revenues for the biennium were \$62,757,564.42. All School Trust Funds are invested exclusively by the Nebraska Investment Council.

Respectfully submitted,

BOARD OF EDUCATIONAL LANDS AND FUNDS

A handwritten signature in cursive script that reads "Richard R. LeBlanc".

Richard R. LeBlanc
Executive Secretary

**ORGANIZATION AND PERSONNEL
BOARD OF EDUCATIONAL LANDS AND FUNDS**

BOARD MEMBERS

TERM EXPIRES

Richard L. Powell, Lincoln, NE	1st Dist.	Oct. 1, 1996
Robert E. Mundy, Omaha, NE	2nd Dist.	Oct. 1, 1997
John D. Feller, Beemer, NE	3rd Dist.	Oct. 1, 1998
M. Jane Keller, Bassett, NE	4th Dist.	Oct. 1, 1999
Wilbur "Doc" Kloepping, Cozad, NE	At Large	Oct. 1, 2000

PROFESSIONAL PERSONNEL

Richard R. LeBlanc	Executive Secretary
L. Jay Gildersleeve	General Counsel, Minerals Director, and Deputy Director
Roxanne Suesz	Executive Assistant
Cindy S.H. Kehling	Executive Assistant
Laura B. Bahr-Frew	Minerals Administrator
Kathy J. Wright	Data Processing
Ann C. Poland	Administrative Assistant
Michelle Behne	Administrative Secretary
Vicki Norton	Land Acreage Records
Donita From	Accounts Payable
Heidi Schmidt	Accounts Receivable
Ronald Vance	Field Supervisor
Daryl Cisney	Field Representative
Rod Clausen	Field Representative
Mark Cooper	Field Representative
Cort Dewing	Field Representative
Rusty Fritz	Field Representative
John Grint	Field Representative
Martin Olson	Field Representative
Pat Speirs	Field Representative
John Wurdeman	Field Representative
Bob Schwartzkopf	Noxious Weed Supervisor
Larry Kelley	Noxious Weed Specialist

OFFICE OF THE STATE SURVEYOR

James L. Brown	State Surveyor
Willis L. Brown	Deputy Surveyor
Gene A. Thomsen	Deputy Surveyor—Dept. of Roads
Steven C. Cobb	Deputy Surveyor
Douglas D. Mowery	Draftsman II
Kathleen Martin	Administrative Assistant
Mary Heinselman	Data Entry Operator

THE BOARD OF EDUCATIONAL LANDS AND FUNDS

In the Enabling Act of Congress passed April 19, 1864, pursuant to which Nebraska became a state on March 1, 1867, and as a condition of statehood, the federal government granted generally every section 16 and 36 in each township in Trust for the support of Nebraska's common (K-12 public) schools. The Trust nature, conditions and obligations of this grant are reflected in Article VII, Sections 6, 7, 8 and 9 of the Nebraska Constitution and have been recited in numerous decisions of the Nebraska Supreme Court including, for example, *State ex rel. Ebke v. Board of Educational Lands and Funds*, 154 Neb. 244 (1951).

Approximately 2.8 million acres were acquired in Trust for the support of Nebraska's K-12 public schools and about 1.3 million of these acres have been sold to private sector owners. Approximately 90% of the deeded acres were conveyed pursuant to cash sales, or contractual purchase rights vested in the buyers, prior to 1900 and several decades before the Board of Educational Lands and Funds came into existence. In accordance with Article VII, Sections 7 and 8 of the Nebraska Constitution, the proceeds from all sales comprise part of the permanent school trust fund and all school trust funds are invested exclusively by the Nebraska Investment Council.

The Board of Educational Lands and Funds is now the Constitutionally established Trustee of Nebraska's School Trust Lands. The Board consists of five members, four from Nebraska's congressional districts as they existed on January 1, 1961, and one at large, appointed by the Governor and confirmed by the Legislature to rotating five year terms. Once appointed to the Board, its members are independent Trustees who manage the Board's activities and conduct its business operations in a totally non-partisan and non-political manner. The Board is governed entirely by trust law and its Trustee members are legally bound to fulfill exclusively the Trust duties of maximizing the income and preserving the assets of the School Trust for the benefit of the State and its citizens.

The Board meets monthly and its members receive compensation of \$40 per day, plus reimbursement for their necessary expenses, for each day they are actually engaged in performing the duties of their office. The Board's Biennial Report is published during even numbered years and supplemented by its report published in the Nebraska Blue Book during odd numbered years.

The primary duty of the Board is to manage the more than 1.5 million acres of land now held in Trust for Nebraska's K-12 public schools and in fulfilling this duty the Board serves as both land owner and land manager.

In its capacity as land owner, the Board makes expenditures for maintenance, conservation and improvement of the land under its care and a substantial portion of its budget each year is dedicated to these purposes. In its capacity as land manager, the Board issues and services both surface leases, primarily for agricultural uses, and subsurface leases permitting exploration for and extraction of oil and gas, minerals and other natural resources. The Board currently establishes and collects rentals on, issues and manages approximately 3,800 leases. Sales and trades of School Trust land are also discretionary with the Board.

The primary sources of revenue generated from Nebraska's School Trust Lands are rental and bonus for agricultural leases and rental, bonus and royalty for minerals leases. Analysis using valuation data of the University of Nebraska, Department of Agricultural Economics, established that the slightly more than 1.5 million acres held in Trust for Nebraska's K-12 public schools had a current market value of approximately \$334.1 million as of June 30, 1995, and \$338.3 million as of June 30, 1996. The total agricultural rent established by the Board for that land was approximately \$18.3 million effective January 1, 1996, and will be approximately \$18.9 million effective January 1, 1997.

Pursuant to Article VII, Section 9 of the Nebraska Constitution, the net income of the School Trust is distributed annually to Nebraska's K-12 public schools as the Legislature may provide. To prevent revenue losses to the school districts in which tax exempt School Trust Land is located, distributions are first made to those school districts in lieu of tax. The net School Trust income remaining after these in lieu of tax payments have been made is then distributed to public schools statewide, including the school districts where School Trust Land is located, on a per pupil basis. The manner and time of these distributions are prescribed exclusively by the Legislature, subject only to the Constitutional requirements that all net Trust income must be used exclusively for the support and maintenance of the common schools and the manner of distribution must be fair to all the beneficiaries.

The Board and its staff are firmly committed to maximizing the income and preserving the assets of the School Trust for the benefit of Nebraska and its citizens. In pursuit of these goals, every effort is made to manage and conduct the Board's business operations on the profit motive patterned as closely as possible on business operations conducted by the most efficient enterprises in the private sector. The Board and its staff believe this business-like approach will make possible the continued successful pursuit of the Trust objectives.

OFFICE OF THE STATE SURVEYOR

The laws of 1903 required the Board of Educational Lands and Funds to appoint a State Surveyor and allowed them to appoint deputy surveyors as the need arose. These same statutes prescribed several duties to be performed by the State Surveyor. Many of these original duties are still required and direct the operations of the State Surveyor's Office. Among these duties prescribed by the laws of 1903 are:

- (1) Take charge under the supervision of the Board of the filed notes, maps, charts and records of the United States surveys.

A library consisting of these notes and plats is maintained in the Surveyor's Office. This material is made available to the public and copies provided upon payment of appropriate fees.

- (2) Prepare and issue, under the authority and direction of the Board, a circular of instruction to county surveyors.

Acting under this directive the office last provided a complete set of instructions in 1914. Since this time the office has issued instructions on specific items. The current directives issued to county surveyors are initiated based upon requests from individual county surveyors or registered land surveyors in private practice.

- (3) In case of any dispute among owners of and arising for or by reason of any survey of boundaries of lands within this state, or in case of dispute or disagreement between surveyors as to said surveys or boundaries, the same shall be referred to the State Surveyor for settlement. He is hereby appointed as arbitrator to settle and determine such disputes or disagreements as to said surveys and boundaries and his decision shall be prima facie evidence of the correctness thereof.

These disputes and requests for surveys have resulted in approximately 1700 State application resurveys. In many cases the disputes can be resolved without resurvey by use of advice and opinion on surveying issued by the office.

- (4) Perform such other duties as may be prescribed by the Board.

The office reviews all transfers of educational trust land and gives opinions on the adequacy of the descriptions for trades, sales, and condemnations. Upon completion of the transfers the staff supervises changes in the abstract and provides the Board's field personnel with plats showing the revised property. Drafting, charts, graphs and court exhibits are also provided to the Board upon request.

- (5) The Board may, when in its judgment there is need, appoint one or more competent experienced deputy land surveyors.

The Legislature has added duties to this original list from time to time. Some of these additional duties have continued to the present time. Among these added duties are:

- (1) In 1961 the Legislature passed a resolution which resulted in a U.S. Supreme Court case on the boundary between Nebraska and Iowa. The case was decided in 1973 but problems on the boundary still persist as evidenced by further resolutions. The result of these actions has been the accumulation of a library of approximately 20,000 documents filed in the Office of the State Surveyor. The State Surveyor serves on the Joint Boundary Commission.
- (2) In 1982 the Legislature created the State Survey Record Repository in the Office of the State Surveyor. This repository will receive copies of most land surveys performed in the state. The office must microfilm and file these surveys and provide copies upon request. The Survey Record Repository contains approximately 139,000 documents as of this report.
- (3) In 1991 the Legislature created the G.I.S. Steering Committee. The State Surveyor serves as a member of this Committee and is currently Chair.

These duties, combined with the general governmental responsibility to provide service and information to the public, provide the basis for the operation of the State Surveyor's Office under the direction of the Board of Educational Lands and Funds.

K-12 SCHOOL TRUST REVENUES FOR THE BIENNIUM*

July 1, 1994 to June 30, 1996

TEMPORARY SCHOOL FUND (Income):

Agricultural Lease Rentals and Interest	\$ 35,904,408.98
Agricultural Lease Bonus	1,379,960.00
Mineral Lease Rentals.....	135,463.87
Mineral Lease Bonus.....	.00
Other Sources	329,795.34
Escheats/Estrays	2,194.74
Interest on Temporary Investments.....	1,785,988.15
Interest and Dividends on Permanent Investments	15,974,578.26
Liquor Control Licenses, Fines, Fees.....	233,111.00
Other Licenses, Fines, Fees	190,170.00
TOTAL INCOME	\$ 55,935,670.34

PERMANENT SCHOOL ENDOWMENT FUND (New Deposits):

Mineral Lease Royalties:	
Federal Mineral Deposits	\$ (770,875.76)
Oil and Gas	878,651.44
Sand and Gravel.....	140,247.35
Oil and Gas Severance Tax	2,394,891.45
Sales, Easements and Condemnations	260,459.86
Unclaimed Property, Escheats and Estrays	3,665,235.94
Distributive Shares of Estates and Other Private Sources00
Licenses, Fines, Fees, Penalties, Forfeits	326,167.00
All Other Sources	(72,883.20)
TOTAL ADDITIONS TO PRINCIPAL	\$ 6,821,894.08
TOTAL K-12 SCHOOL TRUST REVENUES.....	\$ 62,757,564.42

*Information compiled from Monthly Fund Summary Reports generated by the Nebraska Department of Administrative Services.

VALUE OF PERMANENT EDUCATIONAL TRUST FUNDS*

As of June 30, 1996

FUND	MARKET VALUE
Permanent School Endowment Fund (K-12).....	\$176,104,523
Permanent University Endowment Fund.....	569,114
Agricultural College Endowment Fund.....	1,251,057
Normal School (State College) Endowment Fund	136,093
TOTAL.....	\$178,060,787

*Information furnished by the Nebraska Investment Council.

EXPENDITURES

The annual expenditures of the Board of Educational Lands and Funds, as well as the direct annual expenditures of all other state agencies except only the University of Nebraska and the State Colleges, are published annually in the Personnel Almanac. This publication lists expenditures separately for each state agency by all major and most minor categories (including total, operating and personal service expenditures, capital outlays, government aid, travel expenditures and so forth) for each of the last 10 years. The approximately 100 pages, great detail and 10-year perspectives of the Personnel Almanac make it the most complete source reference of its kind available anywhere.

The Personnel Almanac can be obtained free of charge by contacting the State Personnel Division of the Department of Administrative Services, Nebraska State Office Building—First Floor, P.O. Box 94905, Lincoln, Nebraska, 68509-4905 (Telephone: 402/471-4460).

**DISTRIBUTIONS OF TRUST REVENUES
TO K-12 PUBLIC SCHOOL DISTRICTS FOR THE BIENNIUM***

COUNTY	IN-LIEU-OF TAX	PER PUPIL APPORTIONMENT	TOTAL DISTRIBUTION
Adams.....	\$ 30,629.63	\$ 738,241.03	\$ 768,870.66
Antelope.....	\$ 173,193.36	\$ 188,349.66	\$ 361,543.02
Arthur.....	\$ 85,324.03	\$ 11,553.85	\$ 96,877.88
Banner.....	\$ 111,319.32	\$ 24,473.45	\$ 135,792.77
Blaine.....	\$ 104,615.89	\$ 25,036.64	\$ 129,652.53
Boone.....	\$ 19,895.26	\$ 186,111.98	\$ 206,007.24
Box Butte.....	\$ 242,653.33	\$ 392,860.02	\$ 635,513.35
Boyd.....	\$ 101,346.48	\$ 76,206.82	\$ 177,553.30
Brown.....	\$ 240,785.54	\$ 88,157.82	\$ 328,943.36
Buffalo.....	\$ 92,274.29	\$ 925,060.70	\$ 1,017,334.39
Burt.....	\$ 23,787.56	\$ 219,218.39	\$ 243,005.95
Butler.....	\$ 9,777.76	\$ 242,657.47	\$ 252,435.23
Cass.....	\$ 1,841.41	\$ 516,488.77	\$ 518,330.18
Cedar.....	\$ 43,199.05	\$ 310,635.62	\$ 353,824.67
Chase.....	\$ 342,554.87	\$ 138,976.52	\$ 481,531.39
Cherry.....	\$ 710,513.81	\$ 148,012.73	\$ 858,526.54
Cheyenne.....	\$ 378,056.99	\$ 296,383.72	\$ 674,440.71
Clay.....	\$ 505.86	\$ 203,172.32	\$ 203,678.18
Colfax.....	\$ 0.00	\$ 290,741.07	\$ 290,741.07
Cuming.....	\$ 3,019.95	\$ 273,369.16	\$ 276,389.11
Custer.....	\$ 477,152.34	\$ 318,457.08	\$ 795,609.42
Dakota.....	\$ 17,703.43	\$ 523,458.83	\$ 541,162.26
Dawes.....	\$ 153,807.66	\$ 185,263.44	\$ 339,071.10
Dawson.....	\$ 106,849.89	\$ 660,864.69	\$ 767,714.58
Deuel.....	\$ 146,888.44	\$ 61,423.02	\$ 208,311.46
Dixon.....	\$ 49,824.06	\$ 102,143.42	\$ 151,967.48
Dodge.....	\$ 0.00	\$ 858,732.89	\$ 858,732.89
Douglas.....	\$ 7,047.55	\$11,155,974.56	\$11,163,022.11
Dundy.....	\$ 281,787.54	\$ 47,538.37	\$ 329,325.91
Fillmore.....	\$ 0.00	\$ 175,195.38	\$ 175,195.38
Franklin.....	\$ 73,865.13	\$ 73,454.86	\$ 147,319.99
Frontier.....	\$ 217,127.62	\$ 84,985.70	\$ 302,113.32
Furnas.....	\$ 162,978.91	\$ 173,780.75	\$ 336,759.66
Gage.....	\$ 5,692.08	\$ 463,682.59	\$ 469,374.67
Garden.....	\$ 255,215.82	\$ 54,991.02	\$ 310,206.84
Garfield.....	\$ 93,128.74	\$ 52,839.27	\$ 145,968.01
Gosper.....	\$ 27,269.40	\$ 29,657.53	\$ 56,926.93
Grant.....	\$ 56,344.48	\$ 28,431.59	\$ 84,776.07
Greeley.....	\$ 59,877.60	\$ 106,541.83	\$ 166,419.43
Hall.....	\$ 39,405.79	\$ 1,232,084.30	\$ 1,271,490.09
Hamilton.....	\$ 0.00	\$ 218,504.25	\$ 218,504.25
Harlan.....	\$ 60,452.17	\$ 51,507.67	\$ 111,959.84
Hayes.....	\$ 200,373.31	\$ 22,753.32	\$ 223,126.63
Hitchcock.....	\$ 240,616.62	\$ 69,408.30	\$ 310,024.92
Holt.....	\$ 525,267.46	\$ 348,242.19	\$ 873,509.65
Hooker.....	\$ 66,183.98	\$ 29,760.32	\$ 95,944.30
Howard.....	\$ 56,145.64	\$ 185,277.45	\$ 241,423.09
Jefferson.....	\$ 24,004.49	\$ 271,798.16	\$ 295,802.65
Johnson.....	\$ 6,223.65	\$ 135,407.59	\$ 141,631.24

**DISTRIBUTIONS OF TRUST REVENUES
TO K-12 PUBLIC SCHOOL DISTRICTS FOR THE BIENNIUM***

COUNTY	IN-LIEU-OF TAX	PER PUPIL APPORTIONMENT	TOTAL DISTRIBUTION
Kearney.....	\$ 71,494.03	\$ 177,672.77	\$ 249,166.80
Keith.....	\$ 248,727.69	\$ 223,882.76	\$ 472,610.45
Keya Paha.....	\$ 77,831.48	\$ 23,441.94	\$ 101,273.42
Kimball.....	\$ 202,658.61	\$ 104,603.92	\$ 307,262.53
Knox.....	\$ 107,168.31	\$ 292,965.09	\$ 400,133.40
Lancaster.....	\$ 19,143.27	\$ 5,184,670.68	\$ 5,203,813.95
Lincoln.....	\$ 396,556.88	\$ 995,616.60	\$ 1,392,173.48
Logan.....	\$ 109,496.91	\$ 27,942.80	\$ 137,439.71
Loup.....	\$ 74,198.85	\$ 20,189.68	\$ 94,388.53
Madison.....	\$ 46,462.45	\$ 1,082,765.51	\$ 1,129,227.96
McPherson.....	\$ 80,058.85	\$ 14,525.77	\$ 94,584.62
Merrick.....	\$ 70,724.61	\$ 216,557.71	\$ 287,282.32
Morrill.....	\$ 209,474.46	\$ 164,010.28	\$ 373,484.74
Nance.....	\$ 0.00	\$ 112,022.44	\$ 112,022.44
Nemaha.....	\$ 6,026.17	\$ 177,741.41	\$ 183,767.58
Nuckolls.....	\$ 9,033.92	\$ 125,382.66	\$ 134,416.58
Otoe.....	\$ 7,517.90	\$ 369,011.26	\$ 376,529.16
Pawnee.....	\$ 2,207.74	\$ 83,805.41	\$ 86,013.15
Perkins.....	\$ 310,491.90	\$ 91,364.10	\$ 401,856.00
Phelps.....	\$ 27,184.62	\$ 250,730.13	\$ 277,914.75
Pierce.....	\$ 101,464.15	\$ 234,010.16	\$ 335,474.31
Platte.....	\$ 10,719.96	\$ 863,752.68	\$ 874,472.64
Polk.....	\$ 48,047.19	\$ 160,766.63	\$ 208,813.82
Red Willow.....	\$ 151,284.58	\$ 305,147.53	\$ 456,432.11
Richardson.....	\$ 6,005.28	\$ 270,033.85	\$ 276,039.13
Rock.....	\$ 172,940.87	\$ 49,104.32	\$ 222,045.19
Saline.....	\$ 5,727.92	\$ 346,972.10	\$ 352,700.02
Sarpy.....	\$ 2,549.85	\$ 2,582,921.10	\$ 2,585,470.95
Saunders.....	\$ 625.72	\$ 445,984.34	\$ 446,610.06
Scotts Bluff.....	\$ 38,276.83	\$ 1,120,109.20	\$ 1,158,386.03
Seward.....	\$ 13,359.52	\$ 464,157.02	\$ 477,516.54
Sheridan.....	\$ 265,047.62	\$ 174,895.62	\$ 439,943.24
Sherman.....	\$ 84,172.16	\$ 87,872.11	\$ 172,044.27
Sioux.....	\$ 135,142.80	\$ 26,065.27	\$ 161,208.07
Stanton.....	\$ 9,188.40	\$ 70,014.24	\$ 79,202.64
Thayer.....	\$ 12,607.87	\$ 167,525.63	\$ 180,133.50
Thomas.....	\$ 60,713.30	\$ 14,762.99	\$ 75,476.29
Thurston.....	\$ 0.00	\$ 278,726.84	\$ 278,726.84
Valley.....	\$ 28,810.47	\$ 111,061.76	\$ 139,872.23
Washington.....	\$ 37,061.43	\$ 444,761.26	\$ 481,822.69
Wayne.....	\$ 0.00	\$ 227,246.09	\$ 227,246.09
Webster.....	\$ 25,461.96	\$ 92,750.32	\$ 118,212.28
Wheeler.....	\$ 90,467.65	\$ 23,784.82	\$ 114,252.47
York.....	\$ 26,757.46	\$ 331,244.77	\$ 358,002.23
Total.....	\$9,529,419.83	\$41,650,431.68	\$51,179,851.51

*Information compiled from 1995 and 1996 Calendar Year Distribution Reports furnished by the Nebraska Department of Education (1994 and 1995 net income).

SUMMARY OF EDUCATIONAL TRUST LANDS

As of June 30, 1996

	ACRES ACQUIRED (1)	ACRES DEEDED (2)	SURFACE ACRES LEASED (3)	APPRAISED VALUATION (4)	AGRICULTURAL RENTAL
Common School.....	2,861,947.070	1,353,490.157	1,508,456.913	\$458,057,585.50	\$18,322,303.42
Saline	<u>32,789.440</u>	<u>32,205.110</u>	<u>584,330</u>	<u>420,541.00</u>	<u>16,821.64</u>
Total K-12 School Trust Lands	2,894,736.510	1,385,695.267	1,509,041.243	\$458,478,126.50	\$18,339,125.06
12 University.....	45,463.270	38,964.303	6,498.967	\$ 3,180,774.50	\$ 127,230.98
Ag College.....	89,140.210	85,326.030	3,814.180	2,387,927.50	95,517.10
Normal (State College).....	12,804.800	12,729.970	74.830	104,985.00	4,199.40
Other	<u>0.000</u>	<u>0.000</u>	<u>101,350</u>	<u>17,130.50</u>	<u>685.22</u>
Total All Other Educational Trust Lands .	147,408.280	137,020.303	10,489.327	\$ 5,690,817.50	\$ 227,632.70

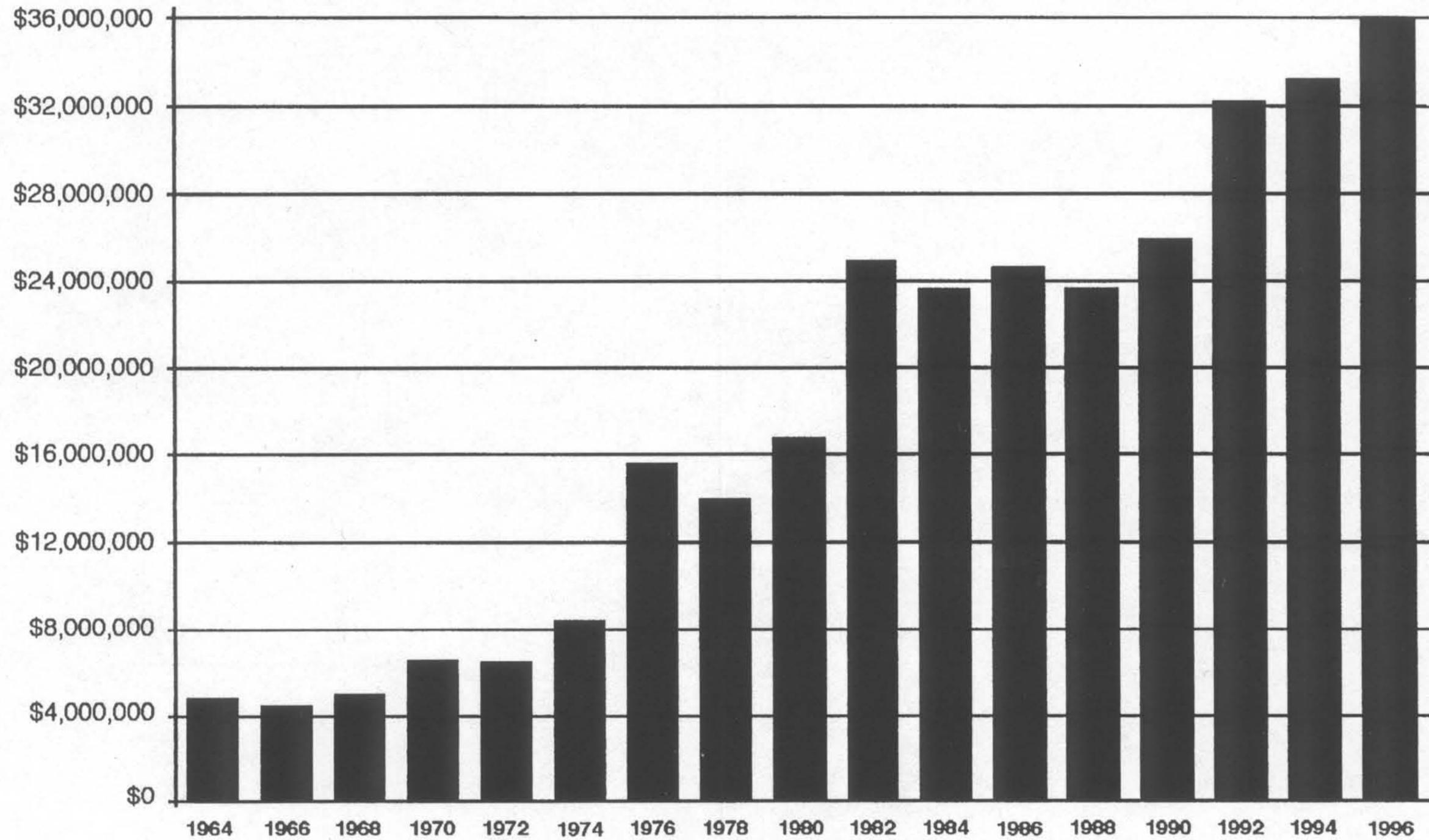
(1) Includes all sources and times of acquisition. The original federal grant of Sections 16 and 36 and in lieu selections (Common School Trust Lands) was, for example, the equivalent of 2,797,520.67 acres.

(2) Includes acres condemned and paid for pursuant to federal or state authority for roadways and other public uses.

(3) Acres available for surface leasing will vary slightly from time to time due to such things as the meanderings and channel changes of rivers and streams. Additional acres are available for subsurface leasing, primarily as a result of subsurface rights retained when the surface was deeded or condemned.

(4) See the Note on page 18.

AGRICULTURAL RENTAL FROM K-12 SCHOOL TRUST LANDS



BIENNIAL ENDING

EDUCATIONAL TRUST LANDS BY COUNTY
Common and Saline Lands (K-12)
As of June 30, 1996

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COUNTY	ACRES ACQUIRED (1)	ACRES DEEDED (2)	SURFACE ACRES LEASED (3)	APPRAISED VALUATION (4)	NUMBER OF AGRICULTURAL LEASES
Adams.....	20,880.080	19,455.080	1,425.000	\$1,628,028.50	11
Antelope.....	31,400.000	20,058.860	11,341.140	8,961,634.50	57
Arthur.....	27,311.980	1,335.435	25,976.545	4,346,145.00	43
Banner.....	26,930.510	1,020.810	25,909.700	5,625,361.00	48
Blaine.....	25,628.020	813.572	24,814.448	5,422,326.00	50
Boone.....	23,675.280	21,076.030	2,599.250	948,677.50	8
Box Butte.....	40,963.840	5,352.700	35,611.140	13,840,466.00	78
Boyd.....	22,664.500	9,669.960	12,994.540	4,797,205.00	72
Brown.....	47,741.830	4,541.550	43,200.280	12,219,465.50	78
Buffalo.....	30,894.620	23,645.920	7,248.700	3,985,155.50	31
Burt.....	18,225.550	17,564.290	661.260	1,269,536.00	6
Butler.....	21,699.630	21,219.630	480.000	515,180.00	3
Cass.....	19,733.980	19,653.980	80.000	74,527.50	2
Cedar.....	27,044.360	26,284.360	760.000	672,152.50	6
Chase.....	33,280.000	4,928.080	28,351.920	16,509,475.00	67
Cherry.....	274,186.550	48,813.083	225,373.467	40,169,854.00	406
Cheyenne.....	44,506.390	4,892.012	39,614.378	18,644,056.00	82
Clay.....	21,240.000	21,160.000	80.000	22,650.00	1
Colfax.....	14,463.510	14,463.510	0.000	0.00	0
Cuming.....	20,544.470	20,336.510	207.960	329,231.00	1
Custer.....	92,639.550	42,639.890	49,999.660	20,816,701.00	139
Dakota.....	7,255.960	6,535.750	720.210	1,076,365.50	6
Dawes.....	51,013.900	7,355.100	43,658.800	7,360,947.50	91
Dawson.....	36,725.000	29,410.214	7,314.786	4,387,111.50	22
Deuel.....	16,800.700	3,015.580	13,785.120	6,515,331.50	34
Dixon.....	17,029.280	15,078.900	1,950.380	2,153,507.00	13
Dodge.....	18,560.930	18,560.930	0.000	0.00	0
Douglas.....	9,320.550	9,162.360	158.190	318,485.00	3
Dundy.....	33,307.410	2,338.480	30,968.930	12,101,425.50	56
Fillmore.....	20,648.510	20,648.510	0.000	0.00	0
Franklin.....	20,471.850	14,658.870	5,812.980	3,474,185.50	24
Frontier.....	34,560.000	15,522.370	19,037.630	8,416,111.00	58
Furnas.....	25,590.210	13,263.650	12,326.560	6,266,308.00	45
Gage.....	24,637.310	24,437.310	200.000	241,854.00	2
Garden.....	64,171.010	12,842.410	51,328.600	10,979,678.00	95
Garfield.....	20,480.000	3,922.380	16,557.620	4,684,056.50	39
Gosper.....	16,640.000	13,809.540	2,830.460	1,359,300.00	7
Grant.....	30,565.440	10,166.620	20,398.820	3,309,114.50	45
Greeley.....	20,475.300	13,235.300	7,240.000	3,010,845.50	25
Hall.....	19,604.520	17,587.500	2,017.020	1,865,791.00	14
Hamilton.....	20,487.700	20,487.700	0.000	0.00	0
Harlan.....	20,364.600	15,830.830	4,533.770	2,522,504.50	19
Hayes.....	26,160.000	4,530.450	21,629.550	8,375,776.00	62
Hitchcock.....	25,468.610	2,953.626	22,514.984	10,386,481.50	64
Holt.....	87,696.600	18,336.870	69,359.730	27,174,134.00	189
Hooker.....	28,591.140	2,643.180	25,947.960	3,488,037.00	43
Howard.....	23,036.780	18,578.660	4,458.120	2,417,024.00	20
Jefferson.....	20,484.080	19,044.080	1,440.000	1,011,787.50	12
Johnson.....	13,480.000	13,100.840	379.160	277,065.50	7
Kearney.....	18,758.060	15,301.270	3,456.790	3,161,636.00	9
Keith.....	46,542.710	14,004.457	32,538.253	12,272,657.50	79
Keya Paha.....	26,394.490	4,191.140	22,203.350	5,714,832.00	56
Kimball.....	36,561.000	1,820.980	34,740.020	9,466,212.00	65
Knox.....	43,533.810	31,085.860	12,447.950	4,035,416.00	60
Lancaster.....	31,973.850	31,676.410	297.440	296,922.00	3
Lancaster (Saline).....	32,789.440	32,205.110	584.330	420,541.00	6
Lincoln.....	100,210.660	31,890.712	68,319.948	17,608,425.00	146
Logan.....	20,480.000	2,807.560	17,672.440	4,417,370.00	32
Loup.....	20,393.280	5,433.180	14,960.100	3,484,619.50	31
Madison.....	24,626.970	22,523.090	2,103.880	2,080,523.50	12
McPherson.....	32,361.410	2,869.500	29,491.910	4,604,573.50	55
Merrick.....	14,976.210	12,530.000	2,446.210	2,844,376.00	12
Morrill.....	62,315.930	18,870.749	43,445.181	10,619,337.50	94
Nance.....	0.000	0.000	0.000	0.00	0
Nemaha.....	11,993.240	11,640.040	353.200	63,375.00	2
Nuckolls.....	21,049.610	20,577.230	472.380	304,797.50	5
Otoe.....	21,992.560	21,752.560	240.000	329,194.00	3
Pawnee.....	20,128.960	19,955.850	173.110	90,595.00	3
Perkins.....	31,890.020	2,099.154	29,790.866	13,441,260.00	58
Phelps.....	20,388.030	18,748.600	1,639.430	1,769,127.50	6
Pierce.....	20,480.000	14,935.240	5,544.760	4,626,640.00	20
Platte.....	23,655.480	22,615.480	1,040.000	544,055.00	7
Polk.....	17,432.560	15,881.180	1,551.380	2,280,803.50	10
Red Willow.....	25,408.710	13,070.420	12,338.290	6,224,743.00	36
Richardson.....	10,400.000	9,830.000	570.000	302,827.50	4
Rock.....	41,439.690	8,462.200	32,977.490	9,351,251.00	76
Saline.....	20,620.000	20,360.000	260.000	269,619.50	5
Sarpy.....	8,994.920	8,733.770	261.150	106,062.50	5
Saunders.....	26,323.880	26,323.880	0.000	0.00	0
Scotts Bluff.....	25,524.140	15,613.860	9,910.280	1,896,514.00	25
Seward.....	21,203.950	20,805.290	398.660	510,019.50	3
Sheridan.....	95,745.440	16,725.910	79,019.530	15,245,531.00	177
Sherman.....	20,453.780	13,910.160	6,543.620	3,484,639.00	29
Sioux.....	80,967.440	8,312.011	72,655.429	8,789,348.50	142
Stanton.....	15,444.290	14,720.000	724.290	362,595.50	3
Thayer.....	20,472.350	19,752.350	720.000	566,848.50	5
Thomas.....	29,338.040	9,132.122	20,205.918	2,836,541.00	37
Thurston.....	0.000	0.000	0.000	0.00	0
Valley.....	20,704.750	17,901.760	2,802.990	1,258,365.00	11
Washington.....	13,663.610	12,623.610	1,040.000	1,788,247.50	10
Wayne.....	15,360.000	15,360.000	0.000	0.00	0
Webster.....	20,861.200	19,800.000	1,061.200	569,500.00	9
Wheeler.....	21,120.000	3,252.690	17,867.310	5,192,952.50	39
York.....	20,480.000	19,606.610	873.390	1,274,177.00	11
Total K-12 School Trust Lands.....	<u>2,894,736.510</u>	<u>1,385,695.267</u>	<u>1,509,041.243</u>	<u>\$458,478,126.50</u>	<u>3,585</u>

University, Agricultural College and Normal School (State College) Lands
As of June 30, 1996

COUNTY	ACRES ACQUIRED (1)	ACRES DEEDED (2)	SURFACE ACRES LEASED (3)	APPRAISED VALUATION (4)	NUMBER OF AGRICULTURAL LEASES
Antelope (Uni).....	1,600.000	1,407.050	192.950	82,263.00	1
Burt (Ag).....	640.000	640.000	0.000	0.00	0
Cedar (Ag).....	25,405.470	24,431.630	973.840	955,119.50	7
Cedar (Uni).....	1,920.000	1,605.703	314.297	264,248.50	2
Cuming (Ag).....	960.000	960.000	0.000	0.00	0
Cuming (Other).....	0.000	0.000	0.000	0.00	0
Dakota (Ag).....	640.000	640.000	0.000	0.00	0
Dakota (Uni).....	320.000	320.000	0.000	0.00	0
Dawes (Other).....	0.000	0.000	101.350	17,130.50	1
Dixon (Ag).....	2,240.000	2,200.000	40.000	74,100.00	1
Dixon (Uni).....	640.000	640.000	0.000	0.00	0
Holt (Uni).....	8,322.100	4,414.730	3,907.370	1,794,271.00	25
Knox (Ag).....	33,491.200	31,207.590	2,283.610	716,761.00	9
Knox (Uni).....	4,480.000	3,649.610	830.390	255,990.00	5
Lancaster (Normal).....	12,804.800	12,729.970	74.830	104,985.00	1
Madison (Uni).....	2,240.000	2,080.000	160.000	219,947.50	1
Nuckolls (Uni).....	4,940.020	4,764.580	175.440	83,300.00	1
Pierce (Ag).....	10,114.560	9,597.830	516.730	641,947.00	3
Pierce (Uni).....	3,197.670	3,197.670	0.000	0.00	0
Wayne (Ag).....	15,648.980	15,648.980	0.000	0.00	0
Webster (Uni).....	17,803.480	16,884.960	918.520	480,754.50	8
Total All Other Educational Trust Lands.....	<u>147,408.280</u>	<u>137,020.303</u>	<u>10,489.327</u>	<u>\$ 5,690,817.50</u>	<u>65</u>

Notes (1), (2), (3) and (4): See pages 12 and 18.

NOTE CONCERNING APPRAISED VALUATION

Appraised valuation also means **appraised rental valuation** and is merely surface (agricultural) rental capitalized at the rate of 4% (divided by .04). The sole purpose for this computation is to generate the numbers required by certain statutes which have not been amended for many years. These numbers are intended only to provide the statutorily desired information and do not reflect market value as of any specific date.

For purposes of this nature, **capitalization rate** is the same thing as **rent to value ratio**. To illustrate the process, if annual rent is \$18.3 million and a rate of 4% is chosen, the resulting value will be \$457.5 million. Similarly, a rate of 5% applied to rental of \$18.3 million will yield a value of \$366.0 million, and a rate of 6% used for the same \$18.3 million rent will result in a value of \$305.0 million. The historically valid long-term capitalization rates for agricultural land are generally 4% to 6%. However, within this range, applying the lower rent to value ratios to actual rental will yield higher values, while applying the higher rent to value ratios to actual rental will yield lower values.

Accurate rent to value ratios can be determined through the process of dividing the rentals which exist at any point in time by the corresponding values to which they pertain. All of these numbers are driven by the private sector marketplace and, therefore, the actual rentals, values and rent to value ratios are always changing over time. It is simply not possible to incorporate these constantly changing rent to value ratios into statutes because, by the time the necessary computations could be made and the statutes could be amended, the actual rent to value ratios would have changed again. For statutory purposes, therefore, the best course is to choose one rent to value ratio within the historically valid range of 4% to 6% and use it consistently over a considerable period of time. This allows the numbers thus generated to be useful for some additional purposes, such as comparing relative values from one county to another and relative changes in values over the years, even though these numbers do not represent current market value.

Analysis using valuation data of the University of Nebraska, Department of Agricultural Economics, established that the slightly more than 1.5 million acres held in Trust for Nebraska's K-12 public schools had a current market value of approximately \$334.1 million as of June 30, 1995, and \$338.3 million as of June 30, 1996. By comparison, the total agricultural rent established by the Board for that land was approximately \$18.3 million effective January 1, 1996, and will be approximately \$18.9 million effective January 1, 1997. These numbers, of course, yield actual agricultural rent to value ratios between 5.48% and 5.59%.

OIL AND GAS LEASES BY COUNTY

K-12 School Trust Lands

As of June 30, 1996

COUNTY	NO. OF LEASES	NO. OF ACRES UNDER LEASE
Banner	14	3,160.000
Cherry	14	8,748.570
Cheyenne	16	6,920.000
Deuel	7	4,475.000
Dundy	5	3,040.000
Furnas	2	1,200.000
Garden.....	4	2,560.000
Hayes	1	640.000
Hitchcock.....	8	3,359.000
Kimball.....	25	10,840.000
Morrill.....	6	3,240.290
Perkins.....	1	313.720
Red Willow.....	7	2,080.000
Scotts Bluff	2	640.000
Sioux	1	640.000
16 Counties	113	51,856.580

There were no oil or gas leases covering University, Agricultural College or Normal School (State College) Lands.

OIL AND GAS ROYALTIES BY COUNTY

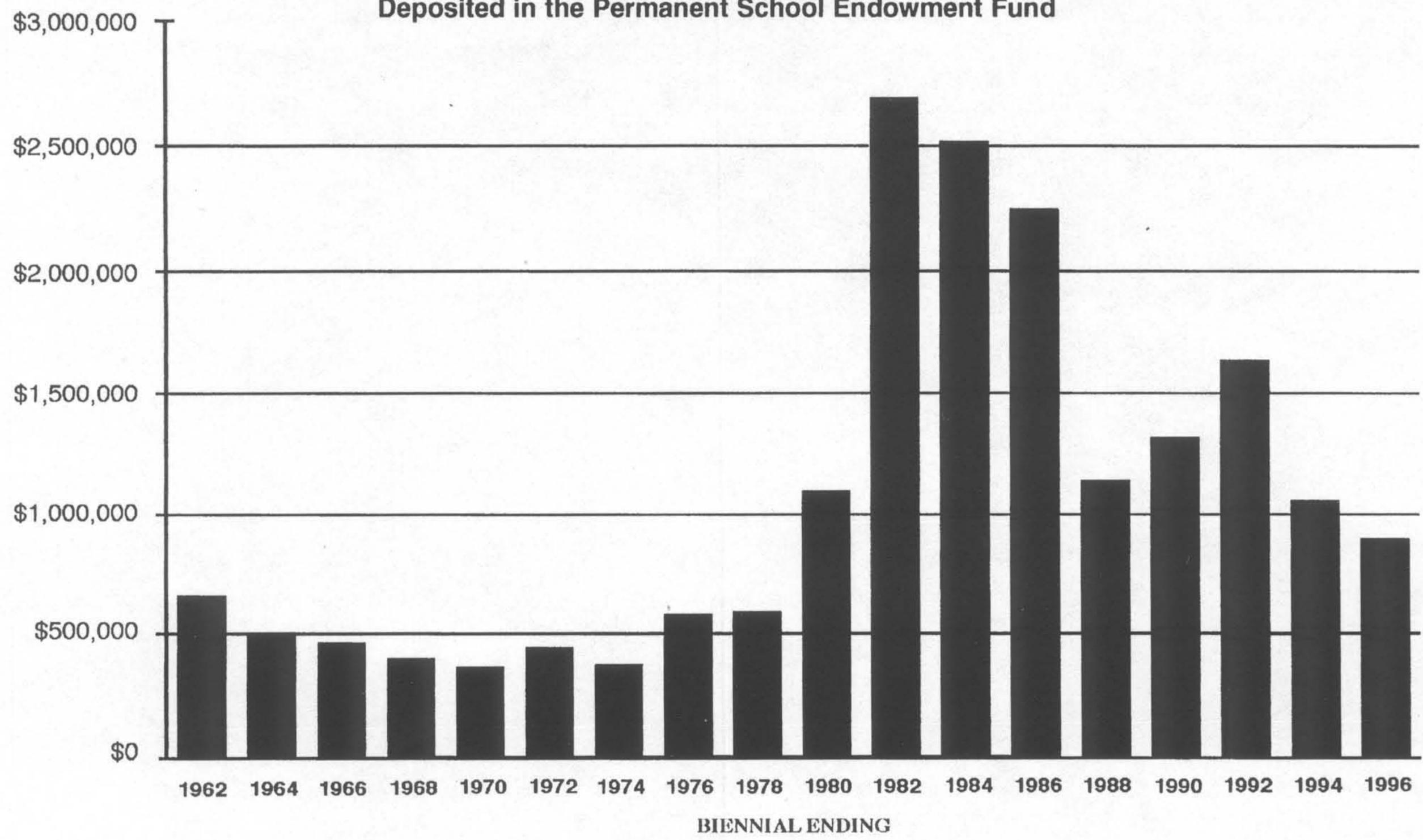
K-12 School Trust Lands

July 1, 1994 to June 30, 1996

Banner County	\$ 40,010.02
Cheyenne County	\$ 150,174.14
Dundy County	\$ 90,501.94
Furnas County	\$ 7,984.77
Hitchcock County	\$ 212,620.20
Kimball County	\$ 199,501.79
Morrill County	\$ 113,613.84
Red Willow County	\$ 46,309.20
Scotts Bluff County	\$ 17,935.54
 TOTAL	 \$ 878,651.44

There were no oil or gas royalties from University, Agricultural College or Normal School (State College) Lands.

**OIL AND GAS ROYALTIES FROM K-12 SCHOOL TRUST LANDS
Deposited in the Permanent School Endowment Fund**



**CUMULATIVE OIL AND GAS ROYALTIES
FROM K-12 SCHOOL TRUST LANDS
Deposited in the Permanent School Endowment Fund**

