

2008-2010

SIXTY-SEVENTH BIENNIAL REPORT



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

GOVERNOR DAVE HEINEMAN

2008-2010

SIXTY-SEVENTH BIENNIAL REPORT



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AND FUNDS***

GOVERNOR DAVE HEINEMAN

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BOARD OF EDUCATIONAL LANDS AND FUNDS

RICHARD R. ENDACOTT
CEO / Executive Secretary

LAURA B. BAHR-FREW
Minerals Administrator



ROXANNE SUESZ
CINDY S.H. KEHLING
Executive Assistants

www.belf.nebraska.gov

LETTER OF TRANSMITTAL

September 30, 2010

The Honorable Dave Heineman
Governor of Nebraska
State Capitol
Lincoln, Nebraska 68509

Dear Governor Heineman:

On behalf of the Board of Educational Lands and Funds, I am pleased to submit this 67th Biennial Report of its administration of Nebraska's School Trust Lands from July 1, 2008, through June 30, 2010.

This report reflects the broad scope of activity and the extensive responsibility of the Board and its staff in managing the nearly 1.3 million acres of K-12 Educational Trust Lands.

Total K-12 School Trust Income for the Biennium was \$97,991,498.05. All School Trust Funds are invested exclusively by the Nebraska Investment Council.

Respectfully submitted,

Richard R. Endacott
For The Board

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

BOARD MEMBERS

TERM EXPIRES

Martin Demuth, Hastings, NE	1st District	Oct. 1, 2011
John F. Lund, Omaha, NE	2nd District	Oct. 1, 2012
DeMarus Carlson, Crofton, NE	3rd District	Oct. 1, 2013
M. Jane Keller, Bassett, NE	4th District	Oct. 1, 2014
Charles A. Ward, Valentine, NE	At Large	Oct. 1, 2015

PROFESSIONAL PERSONNEL

Richard R. Endacott	Chief Executive Officer / Executive Secretary
Cindy S.H. Kehling	Executive Assistant
Roxanne E. Suesz	Executive Assistant
Laura B. Bahr-Frew	Minerals Administrator
Donita S. From	Accounts Payable
Vicki J. Norton	Land Acreage Records
Heidi J. Orth	Accounts Receivable
Ann C. Poland	Administrative Assistant
Michelle L. Trojan	Administrative Assistant
Kathy J. Wright	Data Processing
Cort Dewing	Director of Field Operations
	Field Representative
Ronald J. Vance	FSA Coordinator, Special Projects
	and Field Representative
Daryl Cisney	Field Representative
Mark Cooper	Field Representative
John Grint	Field Representative
Jim Janda	Field Representative
Tim Kuchta	Field Representative
Brian Reynolds	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

Steven C. Cobb	State Surveyor
Gene A. Thomsen	Deputy Surveyor - Dept. of Roads
Kathleen Martin	Administrative Assistant
John E. Beran	GEO Mapping Specialist
Ryan R. Luedtke	Draftsman II

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).

Nearly 2.9 million acres were originally acquired in Trust for the support of Nebraska's K-12 public schools and about 1.6 million of these acres have been sold to private sector owners. Approximately 80% of the deeded acres were conveyed pursuant to cash sales, or contractual purchase rights vested in the buyers, prior to 1900, several decades before the Board of Educational Lands and Funds came into existence. As stated above, net income earned by the Trust and deposited in the Temporary School Trust Fund is paid out annually for the benefit of Nebraska's K-12 public schools statewide on a per pupil basis. The proceeds from all land sales are deposited into the Permanent School Trust Fund which is invested exclusively by the Nebraska Investment Council. The income from this Permanent Trust Fund earned by the Investment Council – like the income from the Temporary Trust Fund – is paid out exclusively for the benefit of K-12 public schools.

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 the Trust duties of maximizing the income and preserving the assets of the School Trust for the exclusive benefit of the Trust's beneficiaries – K-12 public schools.

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 nearly 1.3 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 3,400 leases. Sales and trades of School Trust Land are discretionary with the Board.

The primary sources of revenue generated from Nebraska's School Trust Lands are rentals and bonuses for agricultural lands and rental, bonuses and royalties for mineral leases. Analysis using valuation data of the University of Nebraska, Department of Agricultural Economics, established that Nebraska's K-12 School Trust Lands had a current market value of approximately \$688.7 million dollars for 1.299 million acres as of June 30, 2009, and \$677.0 million for 1.292 million acres as of June 30, 2010. It should be noted that these values are conservative valuations based solely on agricultural value; they do not include enhanced values for scenic or recreational lands owned by the School Land Trust which increase the value to \$717.8 million as of June 30, 2010.

Total revenue attributable to all School Trust Land sources was \$30,590,752.73 for fiscal year ending June 30, 2009, and was \$35,159,790.38 for fiscal year ending June 30, 2010. For additional deposits see page 14 of this report. Anticipated new sources of additional revenue in the near future are wind, carbon and rare minerals.

Effective January 1, 2001, certain leased public property became taxable to the leaseholder (lessee) as if it were owned by the lessee. The Board voluntarily pays these taxes and collects them from the lessees as part of the rent.

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 the Board 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 field 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 that 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 2,000 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 Nebraska Boundary Commission.
- (2) In 1982 the Legislature created the State Survey Record Repository in the Office of the State Surveyor. This Survey Record Repository receives and files land surveys required to be submitted by statute. All submitted documents are microfilmed and copies are available upon request with the payment of appropriate fees. As of this report, the Survey Record Repository contains approximately 255,680 documents archived on microfilm of which approximately 79,946 documents may be accessed online. All online documents are free of charge.
- (3) In 1991 the Legislature created the G.I.S. Steering Committee. The State Surveyor serves as a member of this Committee.
- (4) In 1998 the Legislature created the Nebraska Information Technology Commission. The State Surveyor's Office is to provide technical assistance, support and advice to the various counties, cities and other governmental bodies in Nebraska in their endeavors to produce and maintain cadastral or other geo-referenced maps.

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, 2008 to June 30, 2010

TEMPORARY SCHOOL FUND (Income):

1. Agricultural Lease Rentals and Interest.....	\$ 56,044,658.42
2. Agricultural Lease Bonus	2,643,637.50
3. Minerals Lease Rentals.....	486,491.88
4. Minerals Lease Bonus.....	2,153,388.54
5. Wind Agreement Rent.....	24,000.00
6. Other Sources.....	331,288.44
7. Interest on Temporary Investments.....	2,533,944.66
<i>(Interest from BELF only deposits average 60% of total)</i>	
8. Interest and Dividends on Permanent Investments ..	33,182,882.61
9. Liquor Control Licenses, Fines, Fees.....	591,206.00
<hr/>	
TOTAL INCOME.....	\$ 97,991,498.05

PERMANENT SCHOOL FUND (New Deposits):

10. Mineral Lease Royalties:	
a. Oil and Gas.....	\$ 2,529,421.68
b. Sand and Gravel.....	15,434.04
11. Water Lease Royalties.....	1,855.82
12. Oil and Gas Severance Tax.....	6,972,685.72
13. Federal Mineral Deposits.....	176,102.58
14. Land Sales, Easements and Condemnations	2,818,933.89
15. Unclaimed Property and Escheats.....	5,021,917.57
16. Licenses, Fines, Fees, Penalties, Forfeitures.....	2,067,837.20
<hr/>	
TOTAL ADDITIONS TO PRINCIPAL	\$ 19,604,188.50

TOTAL K-12 SCHOOL TRUST REVENUES.....\$ 117,595,686.55

Deposits generated solely from BELF administration of School Trust Lands are found under Items 1 - 7, 10 - 11 and 14 above. These deposits totaled \$68,569,477.01 for the 2008-2010 Biennium. Detailed deposits by Fiscal Year can be found on Page 14.

Information compiled from Monthly General Ledger Reports generated by the Nebraska Information System administered by the Nebraska Department of Administrative Services.

VALUE OF PERMANENT EDUCATIONAL TRUST FUNDS*

As of June 30, 2010

FUND (Fund Number)	MARKET VALUE
Permanent K-12 School Fund (63340).....	\$ 411,210,400.22
Early Childhood Education Endowment Fund (61365) ...	36,523,059.32
Total K-12 School Trust Funds **	447,733,459.54
Permanent University Fund (63350).....	1,223,831.94
Agricultural College Fund (65130)	2,042,226.18
State College Fund (63280 - Normal Schools).....	218,931.48
TOTAL	\$ 451,218,449.14

Permanent Educational Trust Funds are managed and invested exclusively by the Nebraska Investment Council (by State Statute).

* Information obtained from the following DAS website:

www.das.state.ne.us/accounting/nis/reports/index.htm

Monthly Balances for all these Funds may be accessed through this DAS website. Select Monthly Reports; choose a Month and Year; and select the Fund Summary By Fund Report. When page 1 (of 1200+) appears, enter the desired Fund Number in the "Find" box on the Toolbar.

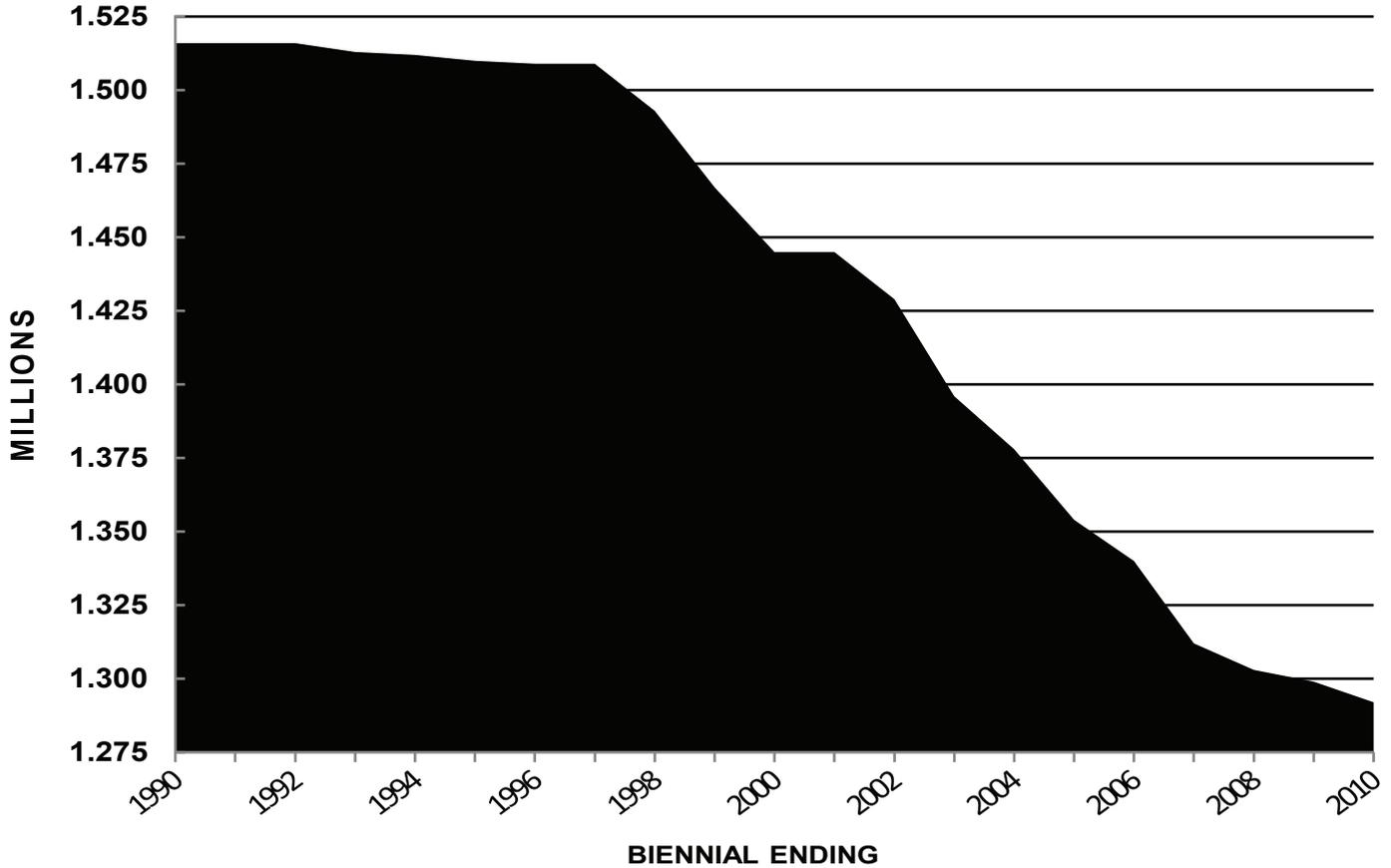
** Effective July 1, 2007, \$40 Million of the Permanent K-12 School Fund was allocated to the Early Childhood Education Endowment Fund

COMBINED LAND AND PERMANENT FUND SCHOOL TRUST

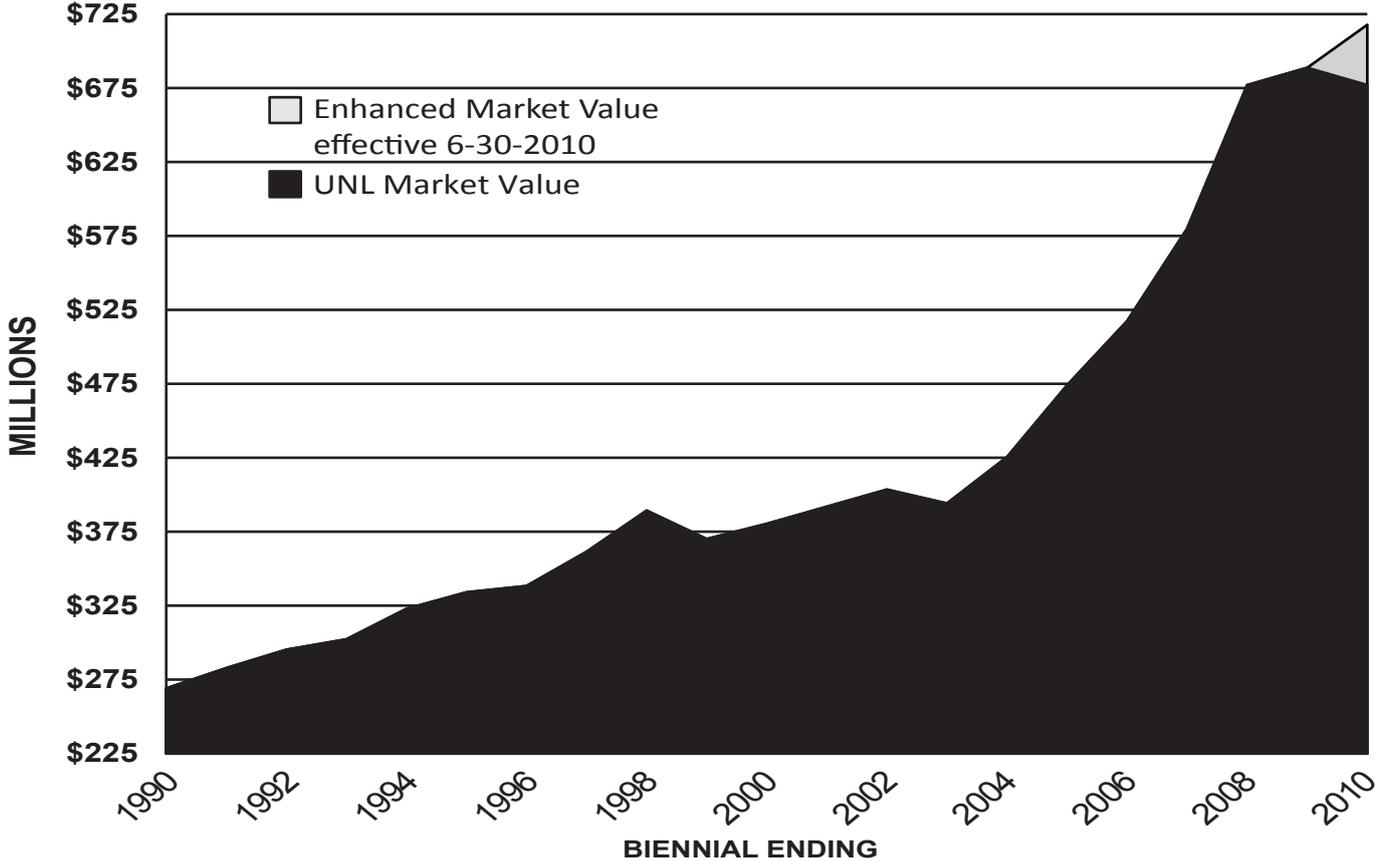
As of June 30, 2010

The Total School Trust Portfolio (School Trust Lands and the Nebraska Investment Council) totalled \$1,124.7 million as of June 30, 2010. Of this amount 60.2%, or \$677 million consisted of agricultural land (not including enhanced value of hunting and recreational land). Investments in stocks and bonds by the Nebraska Investment Council totalled 39.8% or \$447.7 million of the total portfolio.

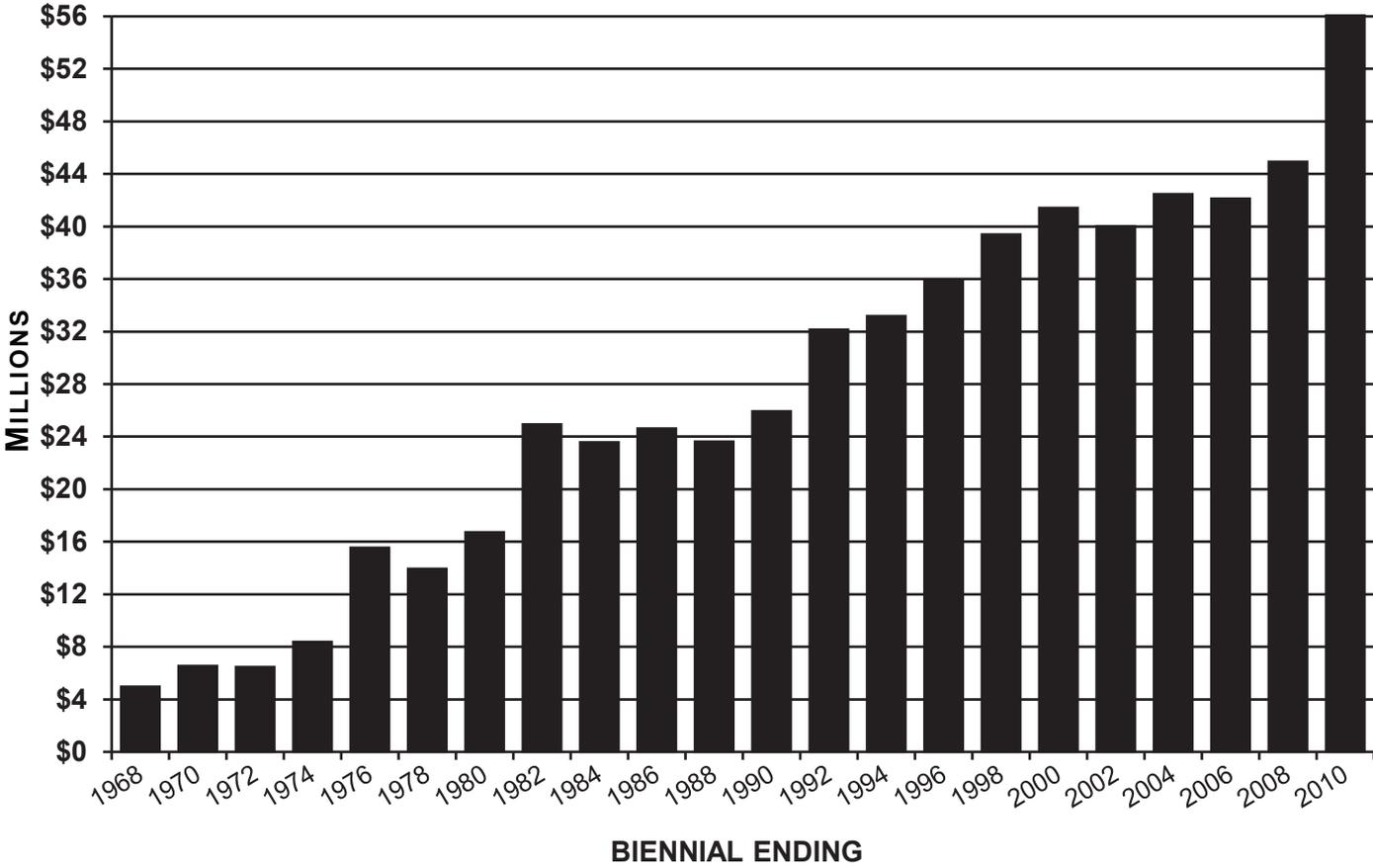
K-12 AGRICULTURAL ACRES HELD



K-12 AGRICULTURAL LAND VALUES



AGRICULTURAL RENTAL FROM K-12 SCHOOL TRUST LANDS



**GROSS K-12 DEPOSITS BY FISCAL YEAR
GENERATED SOLELY FROM ADMINISTRATION OF SCHOOL LANDS**

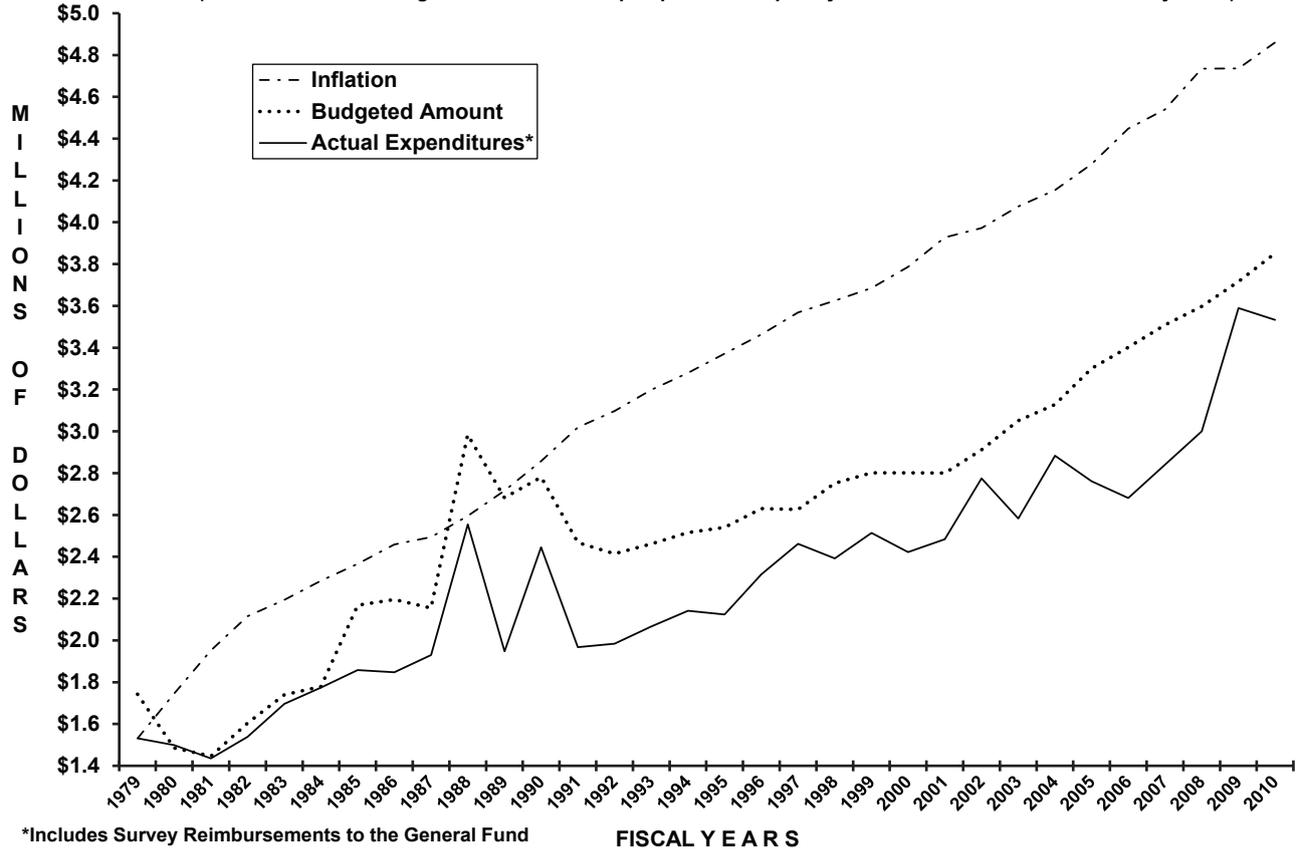
Sources of Revenue	Fiscal Year 2008-2009	Fiscal Year 2009-2010
K-12 Agricultural Rent, Interest and Accounting Fees	\$ 26,608,859.89	\$ 29,435,798.53
K-12 Agricultural Bonus	863,600.00	1,780,037.50
K-12 Oil and Gas Rent	200,612.66	255,393.22
K-12 Sand and Gravel Rent	14,869.00	15,117.00
K-12 Water Rent	250.00	250.00
K-12 Minerals Bonus	328,486.44	1,824,902.10
K-12 Oil and Gas Royalties	1,481,605.59	1,047,816.09
K-12 Sand and Gravel Royalties	9,156.80	6,277.24
K-12 Water Royalties	837.50	1,018.32
K-12 Wind Agreement Rent.....	18,560.00	5,440.00
Other Miscellaneous Payments	34,310.60	52,547.76
Administrative Fees.....	16,564.68	21,037.89
Office Space Rent (from other Agency).....	24,850.00	25,600.00
Sale of Surplus Administrative Items.....	37,756.42	25,608.15
Interest on Temporary Investments (Average 60% of Total)..	903,717.44	616,649.35
10% Fee for Management of University and State College Trust	46,715.71	46,297.23
Total Revenues	\$ 30,590,752.73	\$ 35,159,790.38
Additional Deposits:		
Land Sales.....	1,448,615.00	1,313,520.00
Easements and Condemnations	11,674.55	45,124.34
Total Deposits from School Trust Administration	\$ 32,051,042.28	\$ 36,518,434.72

EXPENDITURES FOR THE BIENNIUM BY FISCAL YEAR

	EXPENDITURES FOR FISCAL YEAR 2008-2009			EXPENDITURES FOR FISCAL YEAR 2009-2010		
	Budgeted	Expended	%	Budgeted	Expended	%
<i>LAND OWNERSHIP EXPENSES:</i>						
Irrigation Tolls	\$ 120,000	\$ 146,065	121.7%	\$ 120,000	\$ 146,192	121.8%
Capital Expenditure Projects	\$ 465,240	\$ 650,735	139.9%	\$ 465,240	\$ 779,241	167.5%
Non-Cash Lease Expenses	\$ 5,000	\$ 1,850	37.0%	\$ 5,000	\$ -	0.0%
Real Estate Taxes	\$ 6,890,000	\$ 6,142,301	89.1%	\$ 7,030,000	\$ 6,648,868	94.6%
Noxious Weeds	\$ 722,000	\$ 578,767	80.2%	\$ 727,485	\$ 521,984	71.8%
	\$ 8,202,240	\$ 7,519,718	91.7%	\$ 8,347,725	\$ 8,096,285	97.0%
<i>LAND MANAGEMENT EXPENSES:</i>						
Board	\$ 59,210	\$ 43,592	73.6%	\$ 65,010	\$ 30,686	47.2%
Building Maintenance & Services	\$ 58,315	\$ 25,854	44.3%	\$ 56,765	\$ 40,662	71.6%
Administration	\$ 1,149,730	\$ 1,069,321	93.0%	\$ 1,212,410	\$ 991,061	81.7%
Field Operations	\$ 1,136,760	\$ 985,365	86.7%	\$ 1,200,265	\$ 969,210	80.7%
	\$ 2,404,015	\$ 2,124,132	88.4%	\$ 2,534,450	\$ 2,031,619	80.2%
GRAND TOTAL OF ALL BUDGETED EXPENSES	\$ 10,606,255	\$ 9,643,850	90.9%	\$ 10,882,175	\$ 10,127,904	93.1%
Reimbursement to State of Nebraska General Fund for professional mapping, GIS and GPS assistance, Web site maintenance, legal descriptions, survey contracting, and consulting services provided by the State Surveyor's Office		\$ 88,934			\$ 54,388	
GRAND TOTAL OF ALL EXPENSES		\$ 9,732,784			\$ 10,182,292	

BOARD OF EDUCATIONAL LANDS AND FUNDS BUDGET VS. ACTUAL EXPENDITURES VS. INFLATION

(Includes all Land Management and Ownership Expenses except only Real Estate Tax / In-Lieu-Of Tax Payments)



*Includes Survey Reimbursements to the General Fund

DISBURSEMENTS OF TRUST REVENUES DURING 2009

COUNTY	K-12 PER PUPIL (1) APPORTIONMENT	REAL ESTATE (2) TAX PAYMENTS	TOTAL DISBURSEMENTS
Adams.....	\$ 697,155.42	\$ 22,622.26	\$ 719,777.68
Antelope.....	\$ 143,565.22	\$ 158,277.84	\$ 301,843.06
Arthur.....	\$ 9,149.32	\$ 59,168.88	\$ 68,318.20
Banner.....	\$ 16,943.18	\$ 66,536.78	\$ 83,479.96
Blaine.....	\$ 14,006.36	\$ 72,704.48	\$ 86,710.84
Boone.....	\$ 124,701.81	\$ 15,741.70	\$ 140,443.51
Box Butte.....	\$ 266,007.95	\$ 119,865.30	\$ 385,873.25
Boyd.....	\$ 41,906.13	\$ 78,324.34	\$ 120,230.47
Brown.....	\$ 62,350.91	\$ 168,259.36	\$ 230,610.27
Buffalo.....	\$ 896,633.14	\$ 362,657.12	\$ 1,259,290.26
Burt.....	\$ 169,883.63	\$ 15,224.88	\$ 185,108.51
Butler.....	\$ 190,667.27	\$ 8,852.32	\$ 199,519.59
Cass.....	\$ 486,043.37	\$ 1,685.34	\$ 487,728.71
Cedar.....	\$ 207,949.31	\$ 8,389.12	\$ 216,338.43
Chase.....	\$ 89,572.95	\$ 196,783.00	\$ 286,355.95
Cherry.....	\$ 110,469.54	\$ 559,240.98	\$ 669,710.52
Cheyenne.....	\$ 204,221.81	\$ 186,802.02	\$ 391,023.83
Clay.....	\$ 102,562.71	\$ 382.96	\$ 102,945.67
Colfax.....	\$ 270,977.94	\$ 0.00	\$ 270,977.94
Cuming.....	\$ 249,742.48	\$ 5,378.02	\$ 255,120.50
Custer.....	\$ 223,311.12	\$ 293,719.84	\$ 517,030.96
Dakota.....	\$ 481,525.20	\$ 18,005.78	\$ 499,530.98
Dawes.....	\$ 143,000.45	\$ 137,235.54	\$ 280,235.99
Dawson.....	\$ 603,064.27	\$ 55,988.54	\$ 659,052.81
Deuel.....	\$ 51,394.31	\$ 63,238.60	\$ 114,632.91
Dixon.....	\$ 149,664.76	\$ 27,551.40	\$ 177,216.16
Dodge.....	\$ 820,501.76	\$ 0.00	\$ 820,501.76
Douglas.....	\$ 11,932,743.46	\$ 3,538.14	\$ 11,936,281.60
Dundy.....	\$ 53,992.27	\$ 129,082.50	\$ 183,074.77
Fillmore.....	\$ 130,236.58	\$ 0.00	\$ 130,236.58
Franklin.....	\$ 35,467.73	\$ 43,188.92	\$ 78,656.65
Frontier.....	\$ 68,563.40	\$ 94,571.82	\$ 163,135.22
Furnas.....	\$ 136,449.08	\$ 76,360.14	\$ 212,809.22
Gage.....	\$ 424,934.98	\$ 3,595.44	\$ 428,530.42
Garden.....	\$ 33,999.32	\$ 145,603.14	\$ 179,602.46
Garfield.....	\$ 35,919.54	\$ 60,517.22	\$ 96,436.76
Gosper.....	\$ 30,045.91	\$ 15,765.76	\$ 45,811.67
Grant.....	\$ 17,733.86	\$ 24,790.38	\$ 42,524.24
Greeley.....	\$ 65,061.81	\$ 42,038.90	\$ 107,100.71
Hall.....	\$ 1,211,663.34	\$ 30,534.12	\$ 1,242,197.46
Hamilton.....	\$ 204,447.72	\$ 0.00	\$ 204,447.72
Harlan.....	\$ 38,743.41	\$ 28,758.60	\$ 67,502.01
Hayes.....	\$ 16,378.41	\$ 95,259.74	\$ 111,638.15
Hitchcock.....	\$ 31,288.41	\$ 106,831.58	\$ 138,119.99
Holt.....	\$ 228,168.17	\$ 497,916.38	\$ 726,084.55
Hooker.....	\$ 19,315.23	\$ 30,014.56	\$ 49,329.79
Howard.....	\$ 153,731.13	\$ 35,612.30	\$ 189,343.43
Jefferson.....	\$ 174,853.62	\$ 17,987.50	\$ 192,841.12
Johnson.....	\$ 102,901.58	\$ 4,119.64	\$ 107,021.22

DISBURSEMENTS OF TRUST REVENUES DURING 2009

COUNTY	K-12 PER PUPIL (1) APPORTIONMENT	REAL ESTATE (2) TAX PAYMENTS	TOTAL DISBURSEMENTS
Kearney.....	\$ 162,428.63	\$ 38,409.94	\$ 200,838.57
Keith.....	\$ 159,830.67	\$ 161,682.84	\$ 321,513.51
Keya Paha.....	\$ 14,684.09	\$ 96,006.40	\$ 110,690.49
Kimball.....	\$ 66,869.09	\$ 84,767.62	\$ 151,636.71
Knox.....	\$ 197,105.66	\$ 113,335.58	\$ 310,441.24
Lancaster.....	\$ 5,444,182.89	\$ 7,746.78	\$ 5,451,929.67
Lincoln.....	\$ 858,115.64	\$ 289,155.62	\$ 1,147,271.26
Logan.....	\$ 16,491.36	\$ 47,801.38	\$ 64,292.74
Loup.....	\$ 13,554.54	\$ 36,953.17	\$ 50,507.71
Madison.....	\$ 855,517.68	\$ 47,143.48	\$ 902,661.16
McPherson.....	\$ 10,843.64	\$ 55,317.20	\$ 66,160.84
Merrick.....	\$ 131,027.27	\$ 40,692.44	\$ 171,719.71
Morrill.....	\$ 125,153.63	\$ 82,490.54	\$ 207,644.17
Nance.....	\$ 104,595.90	\$ 0.00	\$ 104,595.90
Nemaha.....	\$ 146,502.04	\$ 695.00	\$ 147,197.04
Nuckolls.....	\$ 134,980.68	\$ 3,762.30	\$ 138,742.98
Otoe.....	\$ 403,360.66	\$ 4,389.68	\$ 407,750.34
Pawnee.....	\$ 53,653.41	\$ 2,187.24	\$ 55,840.65
Perkins.....	\$ 60,317.72	\$ 159,337.20	\$ 219,654.92
Phelps.....	\$ 194,281.81	\$ 19,254.62	\$ 213,536.43
Pierce.....	\$ 175,531.36	\$ 80,082.18	\$ 255,613.54
Platte.....	\$ 712,178.37	\$ 10,441.48	\$ 722,619.85
Polk.....	\$ 166,946.81	\$ 30,660.78	\$ 197,607.59
Red Willow.....	\$ 324,970.21	\$ 72,547.00	\$ 397,517.21
Richardson.....	\$ 200,720.21	\$ 6,271.24	\$ 206,991.45
Rock.....	\$ 25,075.91	\$ 139,080.30	\$ 164,156.21
Saline.....	\$ 338,976.57	\$ 2,665.56	\$ 341,642.13
Sarpy.....	\$ 2,783,425.76	\$ 10,925.54	\$ 2,794,351.30
Saunders.....	\$ 425,386.80	\$ 0.00	\$ 425,386.80
Scotts Bluff.....	\$ 785,259.96	\$ 30,808.74	\$ 816,068.70
Seward.....	\$ 404,716.12	\$ 6,777.40	\$ 411,493.52
Sheridan.....	\$ 106,177.26	\$ 198,365.42	\$ 304,542.68
Sherman.....	\$ 64,610.00	\$ 46,178.98	\$ 110,788.98
Sioux.....	\$ 10,843.64	\$ 112,188.42	\$ 123,032.06
Stanton.....	\$ 58,397.50	\$ 7,142.88	\$ 65,540.38
Thayer.....	\$ 111,824.99	\$ 7,860.14	\$ 119,685.13
Thomas.....	\$ 10,843.64	\$ 39,056.60	\$ 49,900.24
Thurston.....	\$ 200,720.22	\$ 0.00	\$ 200,720.22
Valley.....	\$ 85,619.54	\$ 19,113.10	\$ 104,732.64
Washington.....	\$ 462,322.93	\$ 24,196.60	\$ 486,519.53
Wayne.....	\$ 183,777.04	\$ 0.00	\$ 183,777.04
Webster.....	\$ 64,271.14	\$ 9,173.68	\$ 73,444.82
Wheeler.....	\$ 16,604.32	\$ 78,391.12	\$ 94,995.44
York.....	\$ 254,373.62	\$ 17,632.68	\$ 272,006.30
Total.....	\$ 39,100,682.21	\$ 6,429,412.05	\$ 45,530,094.26

(1) Information compiled from 2009 Calendar Year Distribution Reports furnished by the Nebraska Department of Education (2008 calendar year net income).

(2) Real Estate Taxes levied in 2008 and payable during calendar year 2009.

DISBURSEMENTS OF TRUST REVENUES DURING 2010

COUNTY	K-12 PER PUPIL (1) APPORTIONMENT	REAL ESTATE (2) TAX PAYMENTS	TOTAL DISBURSEMENTS
Adams.....	\$ 675,887.54	\$ 25,439.50	\$ 701,327.04
Antelope.....	\$ 139,957.04	\$ 186,742.54	\$ 326,699.58
Arthur.....	\$ 9,247.35	\$ 74,289.13	\$ 83,536.48
Banner.....	\$ 15,273.71	\$ 67,181.04	\$ 82,454.75
Blaine.....	\$ 13,507.36	\$ 70,333.00	\$ 83,840.36
Boone.....	\$ 112,422.80	\$ 18,797.22	\$ 131,220.02
Box Butte.....	\$ 248,743.24	\$ 138,280.02	\$ 387,023.26
Boyd.....	\$ 36,989.39	\$ 99,217.21	\$ 136,206.60
Brown.....	\$ 59,536.29	\$ 182,943.30	\$ 242,479.59
Buffalo.....	\$ 844,625.64	\$ 111,675.06	\$ 956,300.70
Burt.....	\$ 155,958.06	\$ 18,051.90	\$ 174,009.96
Butler.....	\$ 168,945.91	\$ 10,104.92	\$ 179,050.83
Cass.....	\$ 434,417.48	\$ 1,918.72	\$ 436,336.20
Cedar.....	\$ 181,206.44	\$ 9,387.86	\$ 190,594.30
Chase.....	\$ 81,355.87	\$ 201,836.22	\$ 283,192.09
Cherry.....	\$ 104,941.80	\$ 561,726.72	\$ 666,668.52
Cheyenne.....	\$ 188,687.44	\$ 200,766.42	\$ 389,453.86
Clay.....	\$ 91,850.05	\$ 419.80	\$ 92,269.85
Colfax.....	\$ 251,444.71	\$ 0.00	\$ 251,444.71
Cuming.....	\$ 228,586.10	\$ 6,185.30	\$ 234,771.40
Custer.....	\$ 203,753.33	\$ 321,832.76	\$ 525,586.09
Dakota.....	\$ 456,756.59	\$ 20,180.02	\$ 476,936.61
Dawes.....	\$ 140,684.35	\$ 134,794.99	\$ 275,479.34
Dawson.....	\$ 548,294.92	\$ 60,249.88	\$ 608,544.80
Deuel.....	\$ 48,522.60	\$ 66,478.24	\$ 115,000.84
Dixon.....	\$ 128,112.12	\$ 35,144.00	\$ 163,256.12
Dodge.....	\$ 786,543.98	\$ 0.00	\$ 786,543.98
Douglas.....	\$ 11,189,289.53	\$ 4,025.02	\$ 11,193,314.55
Dundy.....	\$ 44,366.48	\$ 139,700.42	\$ 184,066.90
Fillmore.....	\$ 118,656.96	\$ 0.00	\$ 118,656.96
Franklin.....	\$ 34,080.11	\$ 48,899.52	\$ 82,979.63
Frontier.....	\$ 59,120.68	\$ 100,331.50	\$ 159,452.18
Furnas.....	\$ 123,748.20	\$ 85,570.74	\$ 209,318.94
Gage.....	\$ 380,180.24	\$ 4,206.96	\$ 384,387.20
Garden.....	\$ 30,859.12	\$ 154,713.06	\$ 185,572.18
Garfield.....	\$ 38,859.64	\$ 71,290.12	\$ 110,149.76
Gosper.....	\$ 24,521.05	\$ 16,548.52	\$ 41,069.57
Grant.....	\$ 16,001.03	\$ 26,918.62	\$ 42,919.65
Greeley.....	\$ 58,081.65	\$ 46,796.36	\$ 104,878.01
Hall.....	\$ 1,104,278.65	\$ 35,110.56	\$ 1,139,389.21
Hamilton.....	\$ 186,609.38	\$ 0.00	\$ 186,609.38
Harlan.....	\$ 34,080.11	\$ 35,010.20	\$ 69,090.31
Hayes.....	\$ 14,130.78	\$ 113,017.79	\$ 127,148.57
Hitchcock.....	\$ 29,300.58	\$ 113,478.90	\$ 142,779.48
Holt.....	\$ 203,649.43	\$ 522,869.40	\$ 726,518.83
Hooker.....	\$ 17,767.37	\$ 42,343.30	\$ 60,110.67
Howard.....	\$ 138,502.39	\$ 42,354.32	\$ 180,856.71
Jefferson.....	\$ 162,400.03	\$ 20,621.86	\$ 183,021.89
Johnson.....	\$ 96,213.97	\$ 4,133.56	\$ 100,347.53

DISBURSEMENTS OF TRUST REVENUES DURING 2010

COUNTY	K-12 PER PUPIL (1) APPORTIONMENT	REAL ESTATE (2) TAX PAYMENTS	TOTAL DISBURSEMENTS
Kearney.....	\$ 142,138.99	\$ 41,705.66	\$ 183,844.65
Keith.....	\$ 139,645.33	\$ 207,487.40	\$ 347,132.73
Keya Paha.....	\$ 14,130.78	\$ 95,275.86	\$ 109,406.64
Kimball.....	\$ 60,887.02	\$ 98,561.66	\$ 159,448.68
Knox.....	\$ 179,128.37	\$ 120,394.68	\$ 299,523.05
Lancaster.....	\$ 5,081,468.97	\$ 9,914.50	\$ 5,091,383.47
Lincoln.....	\$ 822,078.73	\$ 343,304.80	\$ 1,165,383.53
Logan.....	\$ 16,104.93	\$ 51,284.26	\$ 67,389.19
Loup.....	\$ 12,676.14	\$ 35,539.11	\$ 48,215.25
Madison.....	\$ 771,062.47	\$ 52,122.52	\$ 823,184.99
McPherson.....	\$ 9,143.44	\$ 64,432.98	\$ 73,576.42
Merrick.....	\$ 115,851.59	\$ 44,481.38	\$ 160,332.97
Morrill.....	\$ 110,240.84	\$ 121,848.18	\$ 232,089.02
Nance.....	\$ 95,174.94	\$ 0.00	\$ 95,174.94
Nemaha.....	\$ 117,929.65	\$ 791.68	\$ 118,721.33
Nuckolls.....	\$ 124,059.91	\$ 4,074.40	\$ 128,134.31
Otoe.....	\$ 365,426.05	\$ 4,736.12	\$ 370,162.17
Pawnee.....	\$ 46,652.34	\$ 2,374.34	\$ 49,026.68
Perkins.....	\$ 56,627.01	\$ 169,725.94	\$ 226,352.95
Phelps.....	\$ 178,297.16	\$ 21,627.28	\$ 199,924.44
Pierce.....	\$ 159,698.56	\$ 87,348.28	\$ 247,046.84
Platte.....	\$ 660,717.72	\$ 12,364.62	\$ 673,082.34
Polk.....	\$ 150,139.51	\$ 32,810.76	\$ 182,950.27
Red Willow.....	\$ 303,811.71	\$ 75,620.43	\$ 379,432.14
Richardson.....	\$ 185,050.84	\$ 6,681.66	\$ 191,732.50
Rock.....	\$ 23,378.12	\$ 156,618.58	\$ 179,996.70
Saline.....	\$ 312,643.44	\$ 2,804.88	\$ 315,448.32
Sarpy.....	\$ 2,611,180.57	\$ 12,022.74	\$ 2,623,203.31
Saunders.....	\$ 389,427.60	\$ 0.00	\$ 389,427.60
Scotts Bluff.....	\$ 693,343.19	\$ 40,192.02	\$ 733,535.21
Seward.....	\$ 368,750.94	\$ 7,291.86	\$ 376,042.80
Sheridan.....	\$ 102,032.53	\$ 219,492.14	\$ 321,524.67
Sherman.....	\$ 56,211.40	\$ 52,645.56	\$ 108,856.96
Sioux.....	\$ 12,572.24	\$ 126,290.46	\$ 138,862.70
Stanton.....	\$ 54,964.57	\$ 10,078.62	\$ 65,043.19
Thayer.....	\$ 100,162.27	\$ 8,867.12	\$ 109,029.39
Thomas.....	\$ 9,870.76	\$ 46,434.46	\$ 56,305.22
Thurston.....	\$ 197,311.36	\$ 0.00	\$ 197,311.36
Valley.....	\$ 78,654.40	\$ 20,485.56	\$ 99,139.96
Washington.....	\$ 422,780.38	\$ 27,874.10	\$ 450,654.48
Wayne.....	\$ 164,581.99	\$ 0.00	\$ 164,581.99
Webster.....	\$ 57,562.13	\$ 10,288.06	\$ 67,850.19
Wheeler.....	\$ 15,273.71	\$ 85,124.60	\$ 100,398.31
York.....	\$ 224,949.50	\$ 17,758.39	\$ 242,707.89
Total.....	\$ 36,274,743.59	\$ 6,800,694.15	\$ 43,075,437.74

(1) Information compiled from 2010 Calendar Year Distribution Reports furnished by the Nebraska Department of Education (2009 calendar year net income).

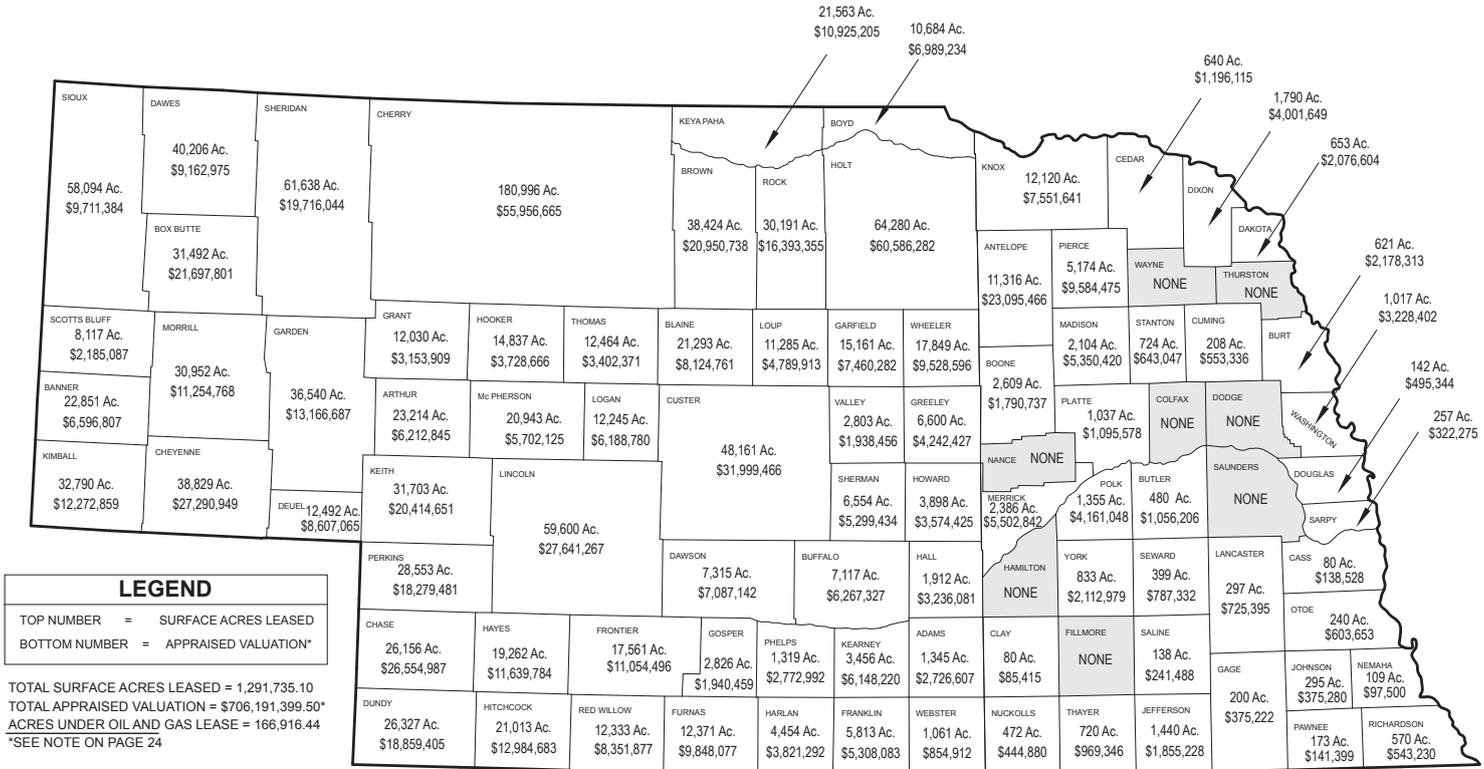
(2) Real Estate Taxes levied in 2009 and payable during calendar year 2010.

SUMMARY OF EDUCATIONAL LANDS

As of June 30, 2010

	ACRES ACQUIRED (1)	ACRES DEEDED (2)	SURFACE ACRES LEASED (3)	APPRAISED VALUATION (4)	AGRICULTURAL RENTAL CHARGED
Common School.....	2,866,165.000	1,574,511.896	1,291,653.104	\$ 705,982,539.500	\$ 28,239,301.58
Saline.....	32,789.220	32,627.220	162.000	\$ 208,860.000	\$ 8,354.40
Total K-12 School					
Trust Lands.....	2,898,954.220	1,607,139.116	1,291,815.104	\$ 706,191,399.50	\$ 28,247,655.98
University.....	45,463.270	39,290.033	6,173.237	\$ 5,614,530.500	\$ 224,581.22
Ag College.....	89,140.210	85,326.030	3,814.180	\$ 5,055,336.000	\$ 202,213.44
Normal (State College).....	12,804.800	12,729.970	74.830	\$ 172,228.500	\$ 6,889.14
Other.....	-	-	101.350	\$ 20,303.000	\$ 812.12
Total All Other					
Educational Trust Lands...	147,408.280	137,346.033	10,163.597	\$ 10,862,398.00	\$ 434,495.92

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 24.



MAP OF K-12 SCHOOL TRUST LANDS

As of June 30, 2010

EDUCATIONAL TRUST LANDS BY COUNTY
Common and Saline Lands (K-12)
As of June 30, 2010

COUNTY	ACRES ACQUIRED (1)	ACRES DEEDED (2)	SURFACE ACRES LEASED (3)	APPRAISED VALUATION (4)	NUMBER OF AGRICULTURAL LEASES
Adams.....	20,880.080	19,535.080	1,345.000	2,726,607.00	11
Antelope.....	31,400.000	20,084.030	11,315.970	23,095,465.50	56
Arthur.....	27,311.980	4,097.765	23,214.215	6,212,844.50	37
Banner.....	26,930.510	4,079.990	22,850.520	6,596,806.50	40
Blaine.....	25,628.020	4,334.800	21,293.220	8,124,761.00	44
Boone.....	23,675.280	21,065.940	2,609.340	1,790,737.00	8
Box Butte.....	40,963.930	9,472.050	31,491.880	21,697,800.50	66
Boyd.....	22,664.500	11,980.660	10,683.840	6,989,233.50	60
Brown.....	47,741.830	9,317.590	38,424.240	20,950,738.00	69
Buffalo.....	30,894.620	23,777.280	7,117.340	6,267,326.50	29
Burt.....	18,225.550	17,604.290	621.260	2,178,313.00	4
Butler.....	21,699.630	21,219.630	480.000	1,056,206.00	3
Cass.....	19,733.980	19,653.980	80.000	138,527.50	2
Cedar.....	27,044.360	26,404.360	640.000	1,196,115.00	4
Chase.....	33,280.000	7,124.420	26,155.580	26,554,986.50	65
Cherry.....	276,595.130	95,598.753	180,996.377	55,956,665.00	294
Cheyenne.....	44,507.500	5,678.522	38,828.978	27,290,949.00	82
Clay.....	21,240.000	21,160.000	80.000	85,415.00	1
Colfax.....	14,463.510	14,463.510	0.000	0.00	0
Cuming.....	20,324.700	20,116.740	207.960	553,335.50	1
Custer.....	92,658.160	44,496.730	48,161.430	31,999,465.50	132
Dakota.....	7,255.960	6,602.690	653.270	2,076,604.00	4
Dawes.....	51,973.900	11,768.340	40,205.560	9,162,975.00	80
Dawson.....	36,725.000	29,410.214	7,314.786	7,087,142.00	21
Deuel.....	16,800.700	4,308.950	12,491.750	8,607,065.00	33
Dixon.....	17,029.280	15,238.900	1,790.380	4,001,648.50	11
Dodge.....	18,560.930	18,560.930	0.000	0.00	0
Douglas.....	9,320.890	9,179.280	141.610	495,343.50	3
Dundy.....	33,307.410	6,980.800	26,326.610	16,859,404.50	48
Fillmore.....	20,648.510	20,648.510	0.000	0.00	0
Franklin.....	20,471.850	14,658.870	5,812.980	5,308,083.00	24
Frontier.....	34,560.000	16,998.840	17,561.160	11,054,495.50	47
Furnas.....	25,648.310	13,277.790	12,370.520	9,848,076.50	39
Gage.....	24,637.310	24,437.310	200.000	375,222.00	2
Garden.....	64,221.410	27,681.350	36,540.060	13,166,686.50	72
Garfield.....	20,480.000	5,318.870	15,161.130	7,460,282.00	34
Gosper.....	16,640.000	13,813.620	2,826.380	1,940,459.00	7
Grant.....	30,565.440	18,535.450	12,029.990	3,153,909.00	25
Greeley.....	20,475.300	13,875.300	6,600.000	4,242,427.00	23
Hall.....	19,604.520	17,692.570	1,911.950	3,236,080.50	14
Hamilton.....	20,487.700	20,487.700	0.000	0.00	0
Harlan.....	20,364.600	15,910.830	4,453.770	3,821,292.00	18
Hayes.....	26,160.000	6,897.580	19,262.420	11,639,784.00	53
Hitchcock.....	25,460.910	4,448.176	21,012.734	12,984,682.50	56
Holt.....	88,327.840	24,048.256	64,279.584	60,586,281.50	183
Hooker.....	28,626.050	13,789.300	14,836.750	3,728,666.00	21
Howard.....	23,036.780	19,138.660	3,898.120	3,574,425.00	16
Jefferson.....	20,484.080	19,044.080	1,440.000	1,855,228.00	12
Johnson.....	13,480.000	13,184.840	295.160	375,280.00	5
Kearney.....	18,758.060	15,302.090	3,455.970	6,148,219.50	9
Keith.....	46,542.710	14,840.183	31,702.527	20,414,651.00	75
Keya Paha.....	26,394.490	4,831.140	21,563.350	10,925,205.00	48
Kimball.....	36,561.000	3,771.080	32,789.920	12,272,859.00	59
Knox.....	43,533.810	31,414.020	12,119.790	7,551,641.00	55
Lancaster.....	31,973.850	31,676.410	297.440	725,395.00	3
Lancaster (Saline)...	32,789.220	32,627.220	162.000	208,860.00	2
Lincoln.....	100,206.470	40,606.467	59,600.003	27,641,267.00	122
Logan.....	20,480.000	8,235.320	12,244.680	6,188,780.00	23
Loup.....	20,393.280	9,108.520	11,284.760	4,789,912.50	23
Madison.....	24,626.970	22,523.094	2,103.876	5,350,420.00	14
McPherson.....	32,361.410	11,418.290	20,943.120	5,702,125.00	35
Merrick.....	14,976.210	12,589.800	2,386.410	5,502,842.00	15
Morrill.....	62,315.930	31,364.319	30,951.611	11,254,767.50	58
Nance.....	0.000	0.000	0.000	0.00	0
Nemaha.....	11,993.240	11,884.660	108.580	97,500.00	2
Nuckolls.....	21,049.610	20,577.230	472.380	444,880.00	5

EDUCATIONAL TRUST LANDS BY COUNTY
Common and Saline Lands (K-12)
As of June 30, 2010

	ACRES ACQUIRED (1)	ACRES DEEDED (2)	SURFACE ACRES LEASED (3)	APPRAISED VALUATION (4)	NUMBER OF AGRICULTURAL LEASES
Otoe.....	21,992.560	21,752.560	240.000	603,652.50	3
Pawnee.....	20,128.960	19,955.850	173.110	141,399.00	3
Perkins.....	31,892.830	3,339.874	28,552.956	18,279,480.50	59
Phelps.....	20,388.030	19,068.600	1,319.430	2,772,991.50	6
Pierce.....	20,480.000	15,306.240	5,173.760	9,584,475.00	20
Platte.....	23,655.480	22,618.900	1,036.580	1,095,578.00	8
Polk.....	17,432.560	16,077.200	1,355.360	4,161,047.50	6
Red Willow.....	25,408.710	13,075.616	12,333.094	8,351,877.00	34
Richardson.....	10,400.000	9,830.000	570.000	543,230.00	5
Rock.....	41,599.990	11,408.830	30,191.160	16,393,354.50	64
Saline.....	20,620.000	20,481.830	138.170	241,488.00	3
Sarpy.....	8,994.920	8,737.450	257.470	322,275.00	7
Saunders.....	26,323.880	26,323.880	0.000	0.00	0
Scotts Bluff.....	25,507.790	17,390.760	8,117.030	2,185,087.00	20
Seward.....	21,203.950	20,805.290	398.660	787,331.50	3
Sheridan.....	95,765.150	34,126.970	61,638.180	19,716,043.50	129
Sherman.....	20,453.780	13,899.630	6,554.150	5,299,433.50	27
Sioux.....	80,967.440	22,873.841	58,093.599	9,711,384.00	106
Stanton.....	15,444.290	14,720.000	724.290	643,046.50	3
Thayer.....	20,472.350	19,752.350	720.000	969,346.00	5
Thomas.....	29,338.040	16,873.702	12,464.338	3,402,370.50	23
Thurston.....	0.000	0.000	0.000	0.00	0
Valley.....	20,704.750	17,901.760	2,802.990	1,938,456.00	10
Washington.....	13,783.350	12,766.110	1,017.240	3,228,401.50	10
Wayne.....	15,360.000	15,360.000	0.000	0.00	0
Webster.....	20,861.200	19,800.000	1,061.200	854,911.50	9
Wheeler.....	21,120.000	3,271.294	17,848.706	9,528,596.00	38
York.....	20,480.000	19,646.610	833.390	2,112,978.50	9
Total K-12 School Trust Lands.....	2,898,954.220	1,607,139.116	1,291,815.104	\$ 706,191,399.50	3,017

University, Agricultural College and Normal School (State College) Lands
As of June 30, 2010

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	\$ 211,339.00	1
Burt (Ag).....	640.000	640.000	0.000	0.00	0
Cedar (Ag).....	25,405.470	24,431.630	973.840	1,823,068.00	7
Cedar (Uni).....	1,920.000	1,605.703	314.297	490,075.00	2
Cuming (Ag).....	960.000	960.000	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	20,303.00	1
Dixon (Ag).....	2,240.000	2,200.000	40.000	131,625.00	1
Dixon (Uni).....	640.000	640.000	0.000	0.00	0
Holt (Uni).....	8,322.100	4,420.460	3,901.640	3,140,664.00	25
Knox (Ag).....	33,491.200	31,207.590	2,283.610	1,470,081.50	8
Knox (Uni).....	4,480.000	3,969.610	510.390	377,843.50	4
Lancaster (Normal).....	12,804.800	12,729.970	74.830	172,228.50	1
Madison (Uni).....	2,240.000	2,080.000	160.000	480,487.50	1
Nuckolls (Uni).....	4,940.020	4,764.580	175.440	116,980.00	1
Pierce (Ag).....	10,114.560	9,597.830	516.730	1,630,561.50	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	797,141.50	7
Total All Other Educational Trust Lands.....	147,408.280	137,346.033	10,163.597	\$ 10,862,398.00	62

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 \$28.3 million and a rate of 4% is chosen, the resulting value will be \$707.5 million. Similarly, a rate of 5% applied to rental of \$28.3 million will yield a value of \$566 million, and a rate of 6% used for the same \$28.3 million rent will result in a value of \$471.7 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 Nebraska's K-12 School Trust Lands had a current market value of approximately \$688.7 million for 1.299 million acres as of June 30, 2009, and \$677.0 million for 1.292 million acres as of June 30, 2010. By comparison, the total agricultural rent established by the Board for that land was approximately \$28.2 million effective January 1, 2010, and will be approximately \$28.3 million effective January 1, 2011. These numbers, of course, yield actual agricultural rent to value ratios of 4.10% and 4.18%. This rent to value ratio is based on agricultural land value only and does not include any enhanced value for acreages, recreational or hunting parcels.

TOTAL K-12 SCHOOL TRUST LAND SALES FOR THE BIENNIUM

<u>TOTAL PARCELS</u>	<u>TOTAL ACRES</u>	<u>GRASS ACRES</u>	<u>CROP ACRES</u>	<u>CRP ACRES</u>	<u>OTHER ACRES</u>	<u>BEGINNING BID PRICE</u>	<u>SALE PRICE</u>	<u>EXCESS OVER BEGINNING PRICE</u>
20	4,226.69	3,694.68	234.00	0.00	272.84	\$2,086,220	\$2,177,620	\$91,400 (4.40%)

All parcels sold were K-12 School Trust Land. Proceeds are deposited into the Permanent School Fund during the Fiscal Year in which they are received. With respect to auctions occurring during the last three months of the Fiscal Year, only the down payment may be received prior to the close of the Fiscal Year. The balance of the purchase price is due within 90 days of the auction date and payments made after June 30th will be included in receipts for the next Fiscal Year. Deeds are issued only after the purchase price is paid in full and acres are not removed from inventory until that time.

SECTION 72-258 REPORT OF DENIED LAND SALE REQUESTS

There was only one land sale request denied by the Board to be reported pursuant to the last sentence of the second paragraph of Section 72-258.

During Fiscal Year 2009-10, the Board denied a request that Section 16-T05N-R37W, Chase County, be offered at public auction for \$255,950. This is a combination grassland and cropland parcel which has direct highway access and with a significantly higher market value than the offer presented.

No further offers were presented for this parcel.

SUMMARY OF LAND SALES DURING FISCAL YEAR 2008-2009

COUNTY	PLAT #	LEGAL DESCRIPTION	SEC-TWN-RGE	CHARACTERISTICS OF THE LAND	TOTAL ACRES	GRASS ACRES	CROP ACRES	CRP ACRES	OTHER ACRES	BEGINNING BID PRICE	SALE PRICE	EXCESS OVER BEGINNING PRICE
Arthur	19	All that part of the W½, lying West of Nebraska Highway 61	16-T17N-R38W	Grassland	80.62	80.62				\$30,000	\$36,000	\$6,000
Banner	31	All	36-T18N-R57W	Pasture and dryland cropland	640.00	517.00	88.00		35.00	\$205,200	\$205,200	\$0
Cherry	149B	Approximately 24.42 acres in the northern portion of NE¼NW¼ and NW¼NE¼	34-T32N-R30W	Pasture	24.42	24.42				\$122,100	\$122,100	\$0
Cheyenne	29	The farmstead and improvement site of 4.65 total surveyed acres located near the West Quarter Corner	16-T15N-R49W	Residential acreage	4.65				4.65	\$15,000	\$15,000	\$0
Cheyenne	46	The farmstead, improvement site and adjacent acreage of 10.52 total surveyed acres located near the Southeast Corner	36-T13N-R51W	Residential acreage	10.52				10.52	\$30,000	\$30,000	\$0
Cheyenne	68	The residential acreage and improvement site near the West Quarter Corner, and the small cropland field and pasture abutting the county road along the west line of NW¼	36-T14N-R53W	Residential acreage / dryland cropland and grassland	58.10	27.00	6.00		25.10	\$42,500	\$42,500	\$0
Custer	4	E½SE¼	16-T15N-R17W	Grassland	80.00	80.00				\$51,600	\$51,600	\$0
Deuel	16	Approximately 8.78 acres located generally in the southeastern portion of the NW¼	16-T12N-R45W	Farmstead and improvement site and access easement	8.78				8.78	\$18,500	\$18,500	\$0
Holt	17	All	16-T32N-R09W	Grassland	640.00	640.00				\$301,300	\$301,300	\$0
Lancaster	5	Commercial site	29-T10N-R06E	Commercial site	19.79				19.79	\$86,400	\$86,400	\$0
10 Total Parcels Sold during Fiscal Year 2008-2009					1,566.88	1,369.04	94.00	0.00	103.84	\$902,600	\$908,600	\$6,000 (6%)

SUMMARY OF LAND SALES DURING FISCAL YEAR 2009-2010

COUNTY	PLAT #	LEGAL DESCRIPTION	SEC-TWN-RGE	CHARACTERISTICS OF THE LAND	TOTAL ACRES	GRASS ACRES	CROP ACRES	CRP ACRES	OTHER ACRES	BEGINNING BID PRICE	SALE PRICE	EXCESS OVER BEGINNING PRICE
Antelope	25	Approx. 21.168 acres located generally in the S½SE¼ along the south boundary	16-T27N-R08W	Farmstead and improvement site and adjoining dryland croppground	21.168					\$52,920	\$52,920	\$0
Blaine	36	All	16-T23N-R25W	Grassland	640	640				\$214,600	\$214,600	\$0
Buffalo	11	W½NW¼	16-T11N-R15W	Irrigated and dryland croppground	80.00		79.00		1.00	\$190,300	\$190,300	\$0
Dixon	3c	N½SE¼	36-T30N-R04E	Dryland croppground & pasture	80	19	61			\$152,000	\$207,000	\$55,000
Furnas	9	SE¼SE¼	16-T04N-R22W	Grassland	38.64	37.64			1	\$18,400	\$18,400	\$0
Garden	46	All	16-T16N-R44W	Grassland	640	640				\$184,600	\$215,000	\$30,400
Garden	89	All	16-T23N-R46W	Grassland with lake	640	475			165	\$205,700	\$205,700	\$0
Garfield	11	SW¼SW¼	16-T22N-R14W	Grassland and dryland croppground	40	36		4		\$26,200	\$26,200	\$0
Sioux	75	NW¼ and SE¼	36-T33W-R55W	Grassland	320	318			2	\$91,400	\$91,400	\$0
Sioux	75	SW¼	36-T33W-R55W	Grassland	160	160				\$47,500	\$47,500	\$0
10 Total Parcels Sold during Fiscal Year 2009-2010					2,659.81	2,325.64	140.00		169.00	\$1,183,620	\$1,269,020	\$85,400 (7.22%)

OIL AND GAS LEASES BY COUNTY
K-12 School Trust Lands
As of June 30, 2010

COUNTY	NO. OF LEASES	NO. OF ACRES UNDER LEASE
Banner	39	18,584.590
Chase	14	8,840.000
Cheyenne	16	8,960.000
Deuel	8	5,115.000
Dundy	32	17,970.800
Furnas	2	1,200.000
Garden	4	2,560.000
Gosper	1	440.000
Hayes	4	2,160.000
Hitchcock	31	16,193.130
Keith	8	4,800.000
Kimball	58	30,033.610
McPherson	9	5,760.000
Morrill	11	6,000.290
Perkins	14	8,971.930
Red Willow	7	2,400.000
Scotts Bluff	22	11,168.950
Sioux	27	15,758.140
16 Counties	307	166,916.440

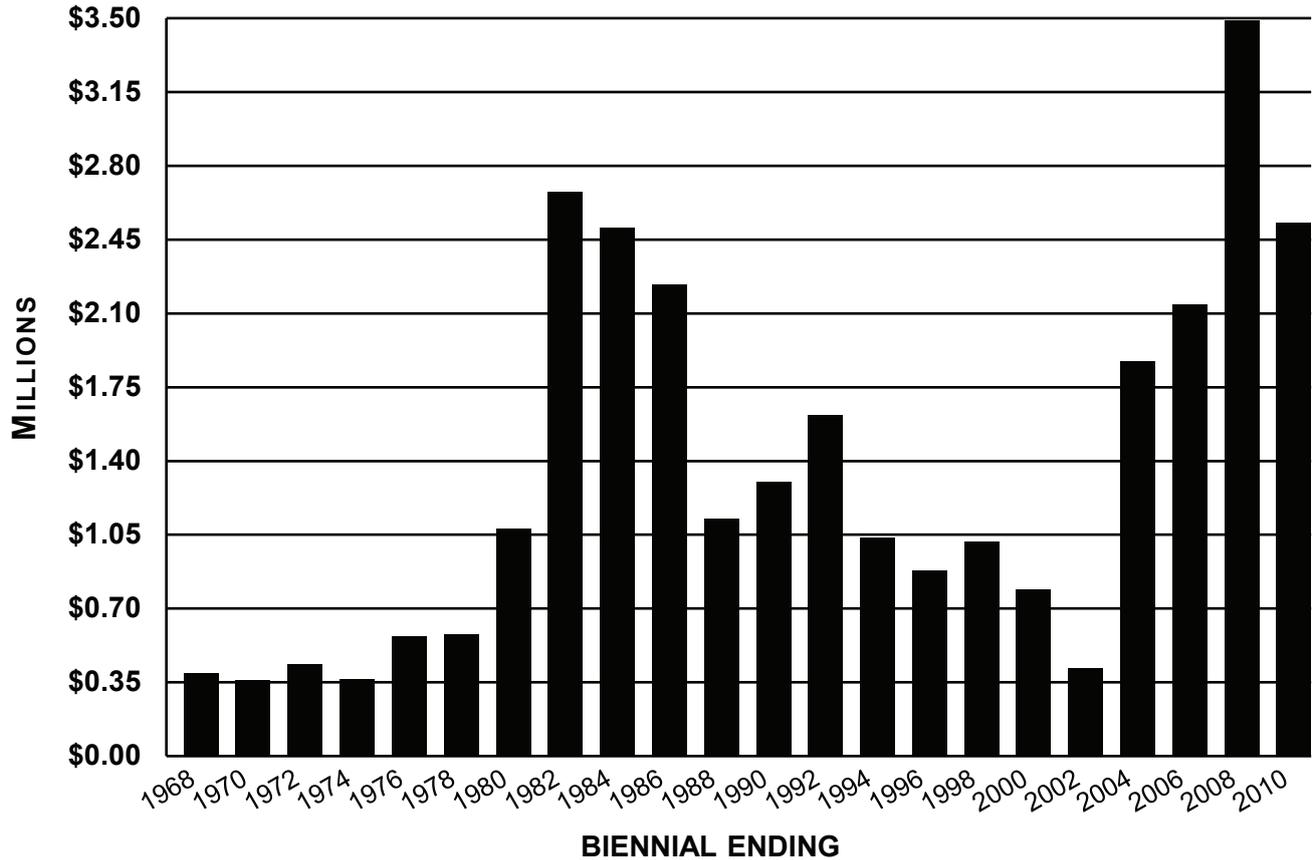
There were no oil or gas leases covering University, Agricultural College or State College (Normal School) Lands.

OIL AND GAS ROYALTIES BY COUNTY
K-12 School Trust Lands
July 1, 2008 through June 30, 2010

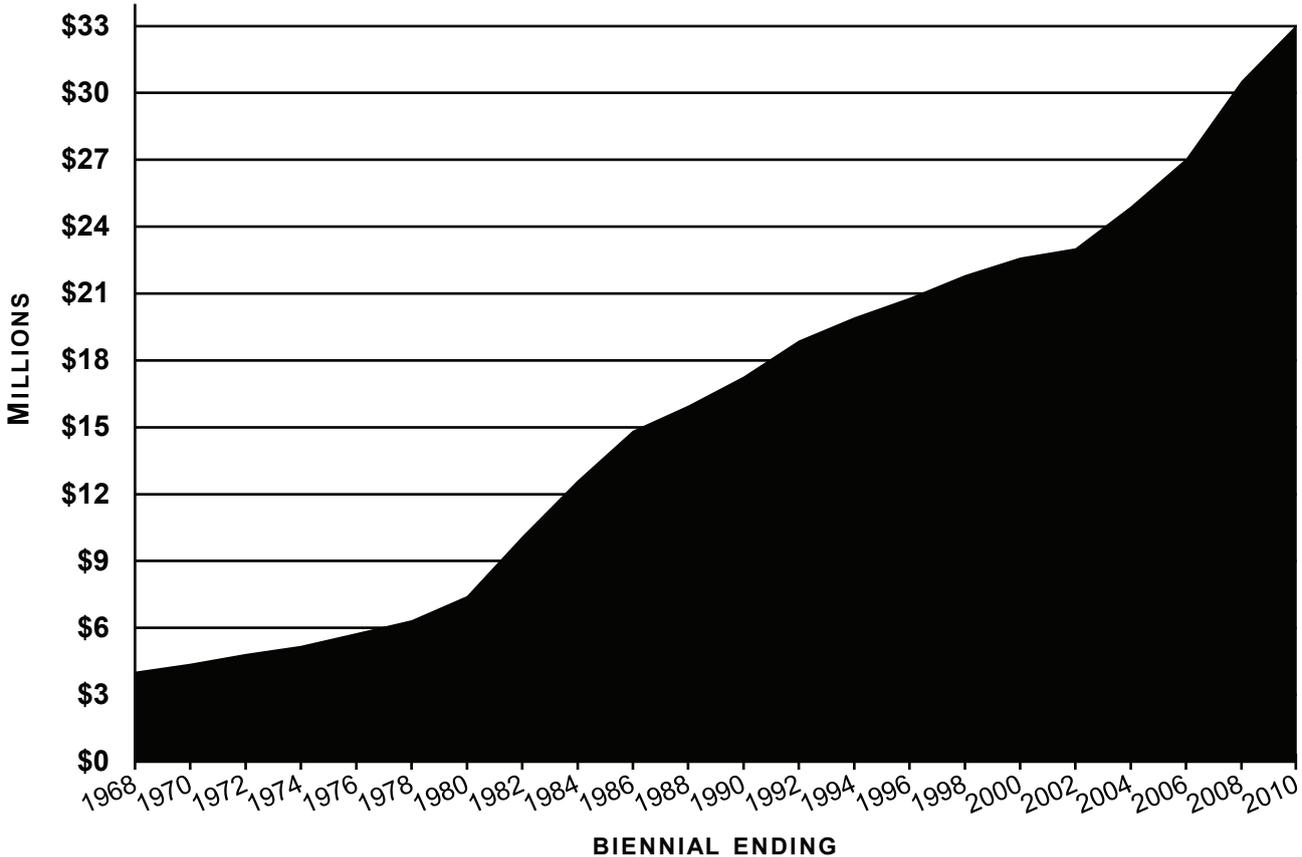
COUNTY	ROYALTIES RECEIVED
Banner.....	\$ 74,289.42
Chase.....	\$ 173,174.82
Cheyenne.....	\$ 124,574.82
Deuel.....	\$ 24,087.27
Dundy.....	\$ 882,632.85
Furnas.....	\$ 74,566.10
Hitchcock.....	\$ 382,526.55
Kimball.....	\$ 445,277.26
Morrill.....	\$ 192,547.63
Red Willow.....	\$ 106,770.61
Scotts Bluff.....	\$ 48,974.35
TOTAL.....	\$ 2,529,421.68

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

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



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



For further information, please visit our websites

Board of Educational Lands and Funds

www.belf.nebraska.gov

Office of the Nebraska State Surveyor

www.sso.nebraska.gov

READER'S NOTES