

2010-2012

SIXTY-EIGHTH BIENNIAL REPORT



**BOARD OF
EDUCATIONAL LANDS
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, 2012

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, 2010, through June 30, 2012.

This report reflects the broad scope of activity and the extensive responsibility of the Board and its staff in managing the nearly 1.272 million acres of K-12 Educational Trust Lands.

Total K-12 School Trust Income for the Biennium was \$97,652,485.22. 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, 2016
John F. Lund, Omaha, NE	2nd District	Oct. 1, 2012
DeMarus Carlson, Crofton, NE	3rd District	Oct. 1, 2013
Glenn Wilson Jr., Grand Island, 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 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 1.63 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 reimbursement for their necessary travel 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 and annual report to the Legislature.

The primary duty of the Board is to manage the approximately 1.272 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 3,500 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 \$794.7 million dollars for 1.284 million acres as of June 30, 2011, and \$999.9 million for 1.272 million acres as of June 30, 2012. 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 \$1.041 billion as of June 30, 2012.

Total revenue attributable to all School Trust Land sources was \$37,443,530.85 for fiscal year ending June 30, 2011, and was \$36,565,653.60 for fiscal year ending June 30, 2012. 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 276,780 documents archived on microfilm of which approximately 101,046 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, 2010 to June 30, 2012

TEMPORARY SCHOOL FUND (Income):

1. Agricultural Lease Rentals and Interest.....	\$	58,891,411.79
2. Agricultural Lease Bonus		6,524,552.00
3. Minerals Lease Rentals.....		896,836.54
4. Minerals Lease Bonus.....		2,104,691.73
5. Wind Agreement Rent.....		75,451.96
6. Other Sources.....		701,846.41
7. Interest on Temporary Investments.....		1,853,697.27
<i>(Interest from BELF only deposits average 60% of total)</i>		
8. Interest and Dividends on Permanent Investments ..		26,104,493.28
9. Liquor Control Licenses, Fines, Fees.....		499,504.24
TOTAL INCOME		\$ 97,652,485.22

PERMANENT SCHOOL FUND (New Deposits):

10. Mineral Lease Royalties:		
a. Oil and Gas.....	\$	2,765,041.16
b. Sand and Gravel.....		4,877.85
11. Water Lease Royalties.....		1,963.19
12. Oil and Gas Severance Tax		9,107,538.27
13. Federal Mineral Deposits		80,508.76
14. Land Sales, Easements and Condemnations		1,293,425.92
15. Unclaimed Property and Escheats.....		18,962,986.60
16. Licenses, Fines, Fees, Penalties, Forfeitures.....		1,742,624.48
TOTAL ADDITIONS TO PRINCIPAL		\$ 33,958,966.23

TOTAL K-12 SCHOOL TRUST REVENUES.....	\$	131,611,451.45
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Deposits generated solely from BELF administration of School Trust Lands are found under Items 1 - 7, 10 - 11 and 14 above. These deposits totaled \$74,372,316.91 for the 2010-2012 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, 2012

FUND (Fund Number)	MARKET VALUE
Permanent K-12 School Fund (63340).....	\$ 491,501,281.20
Early Childhood Education Endowment Fund (61365)..	40,592,236.67
Total K-12 School Trust Funds **	<u>532,093,517.87</u>
Permanent University Fund (63350).....	1,343,133.60
Agricultural College Fund (65130).....	2,264,846.83
State College Fund (63280 - Normal Schools).....	242,280.78
TOTAL	<u><u>\$ 535,943,779.08</u></u>

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.

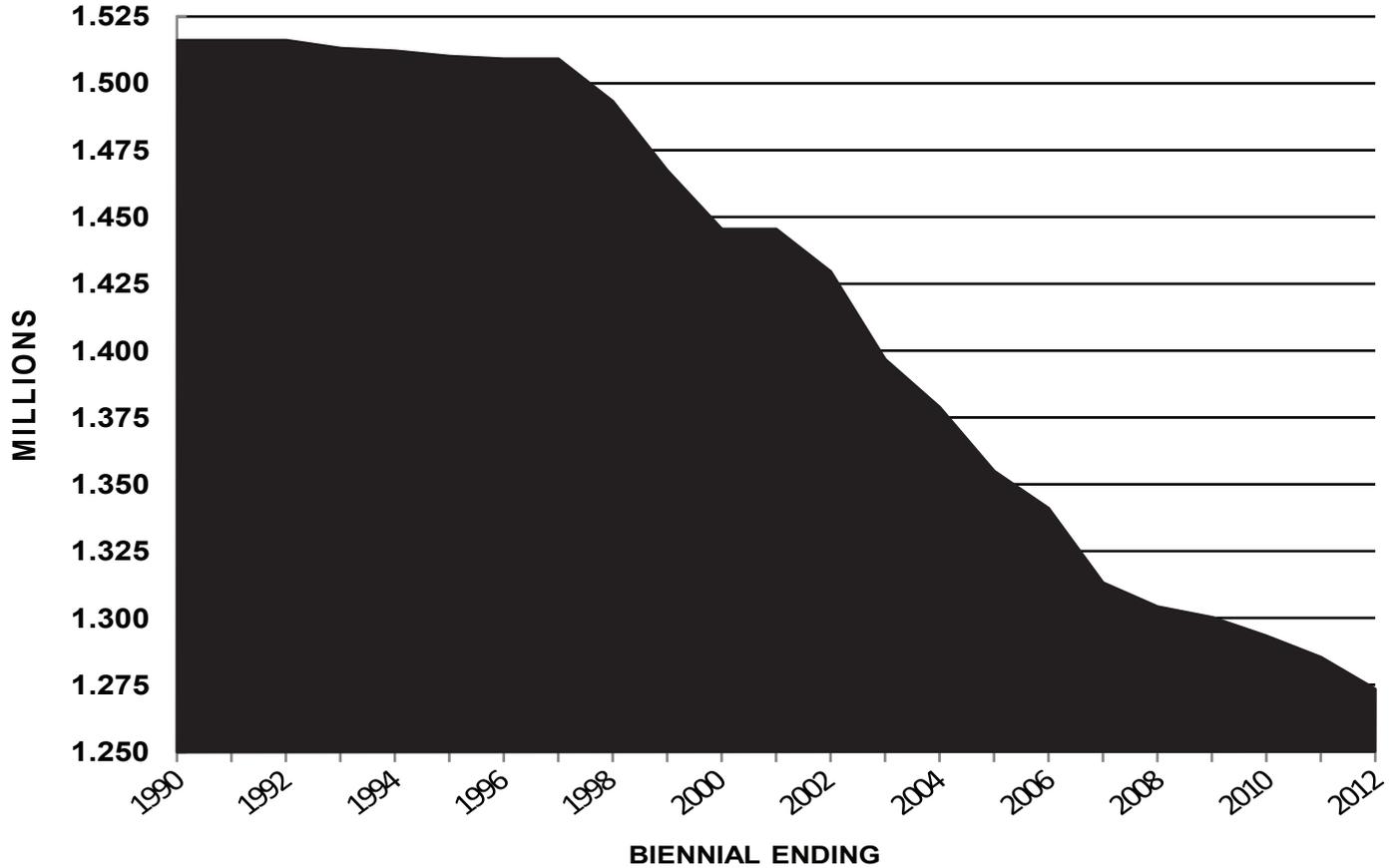
** Effective July 1, 2007, \$40 Million of the Permanent K-12 School Fund was allocated to the Early Childhood Education Endowment Fund.

COMBINED LAND AND PERMANENT FUND SCHOOL TRUST

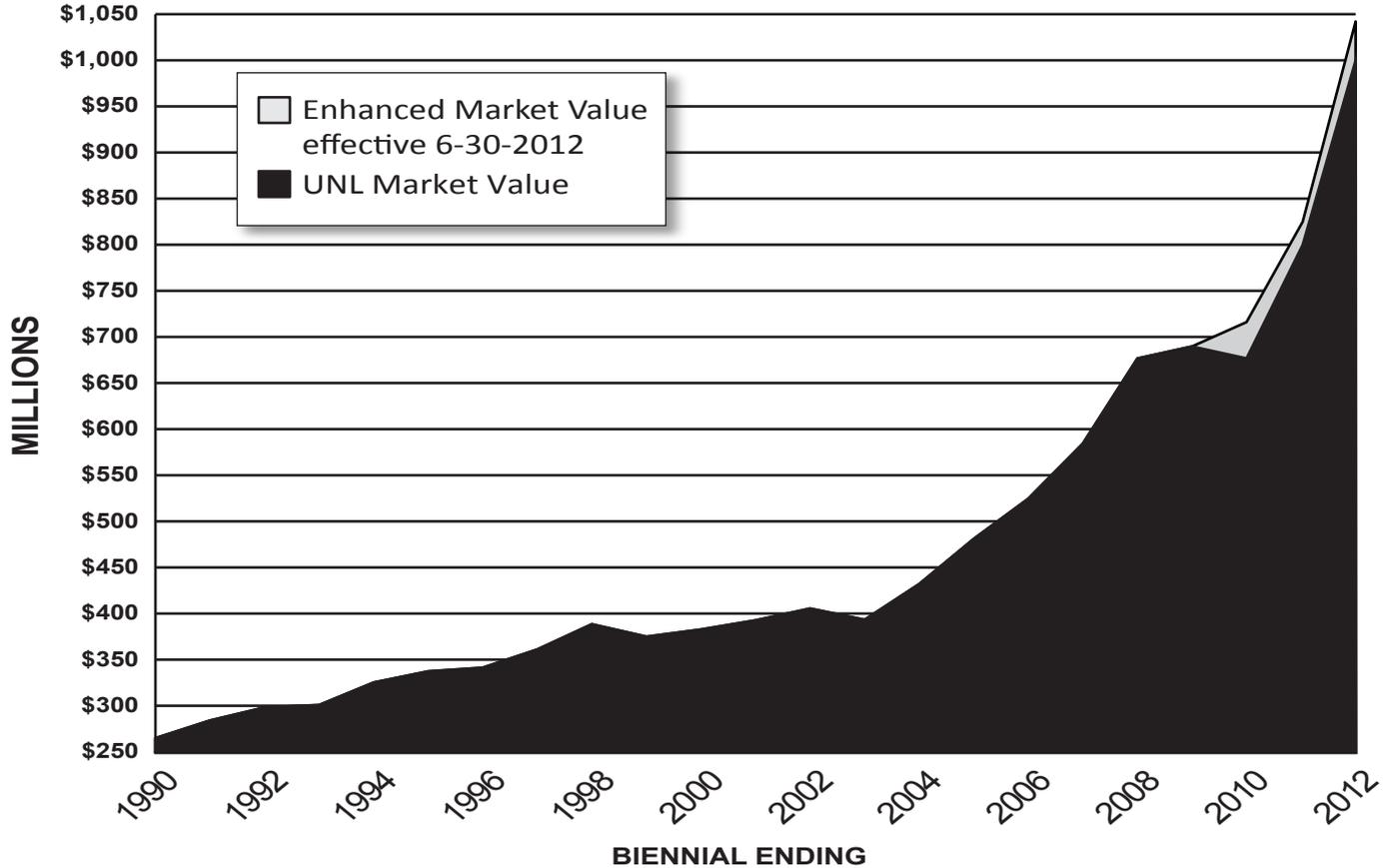
As of June 30, 2012

The Total School Trust Portfolio (School Trust Lands and the Nebraska Investment Council) totalled \$1,535.8 million as of June 30, 2012. Of this amount 65%, or \$999.9 million consisted of agricultural land (not including enhanced value of hunting and recreational land). Investments in stocks and bonds by the Nebraska Investment Council totaled 35% or \$535.9 million of the total portfolio.

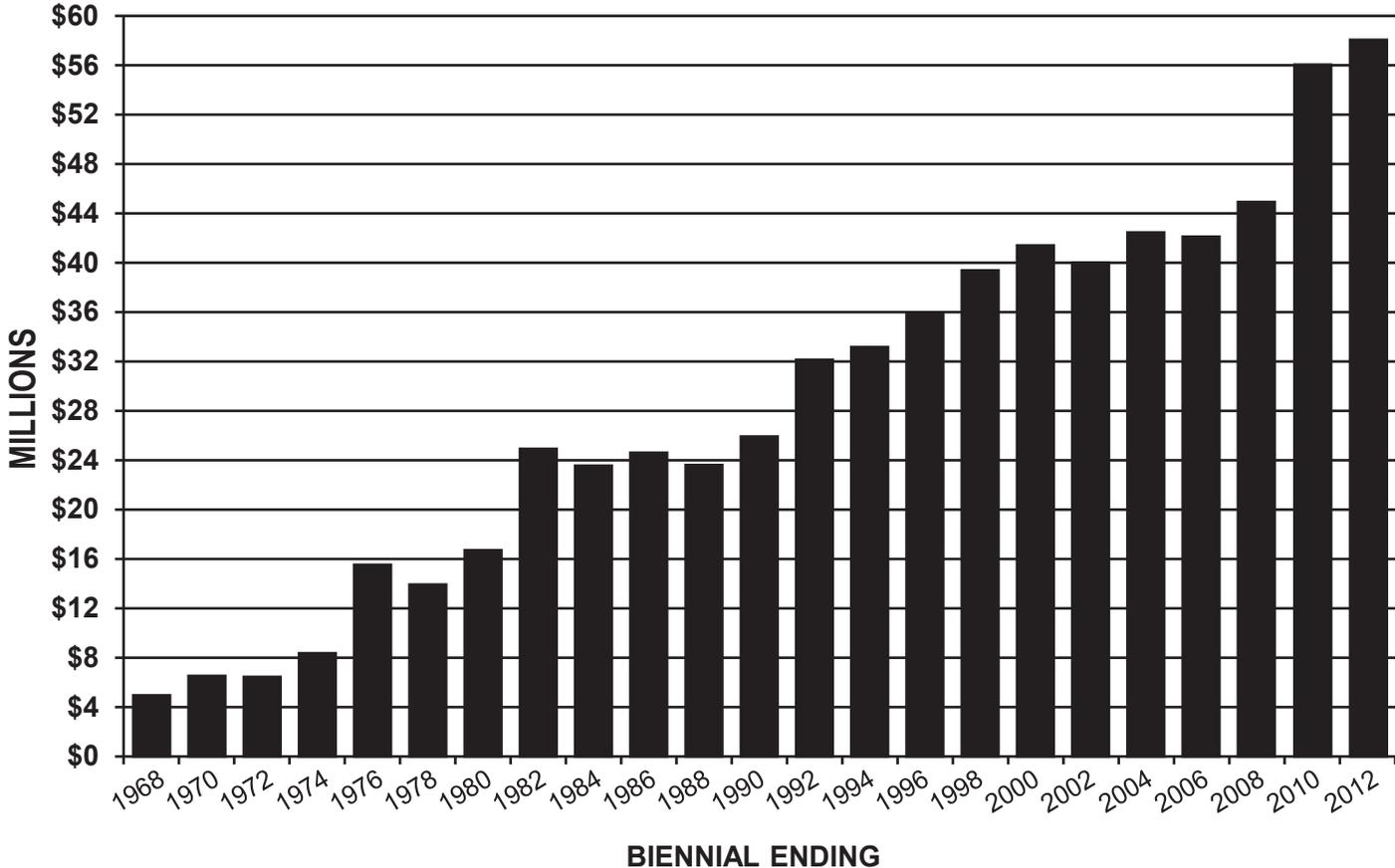
K-12 AGRICULTURAL ACRES HELD



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**

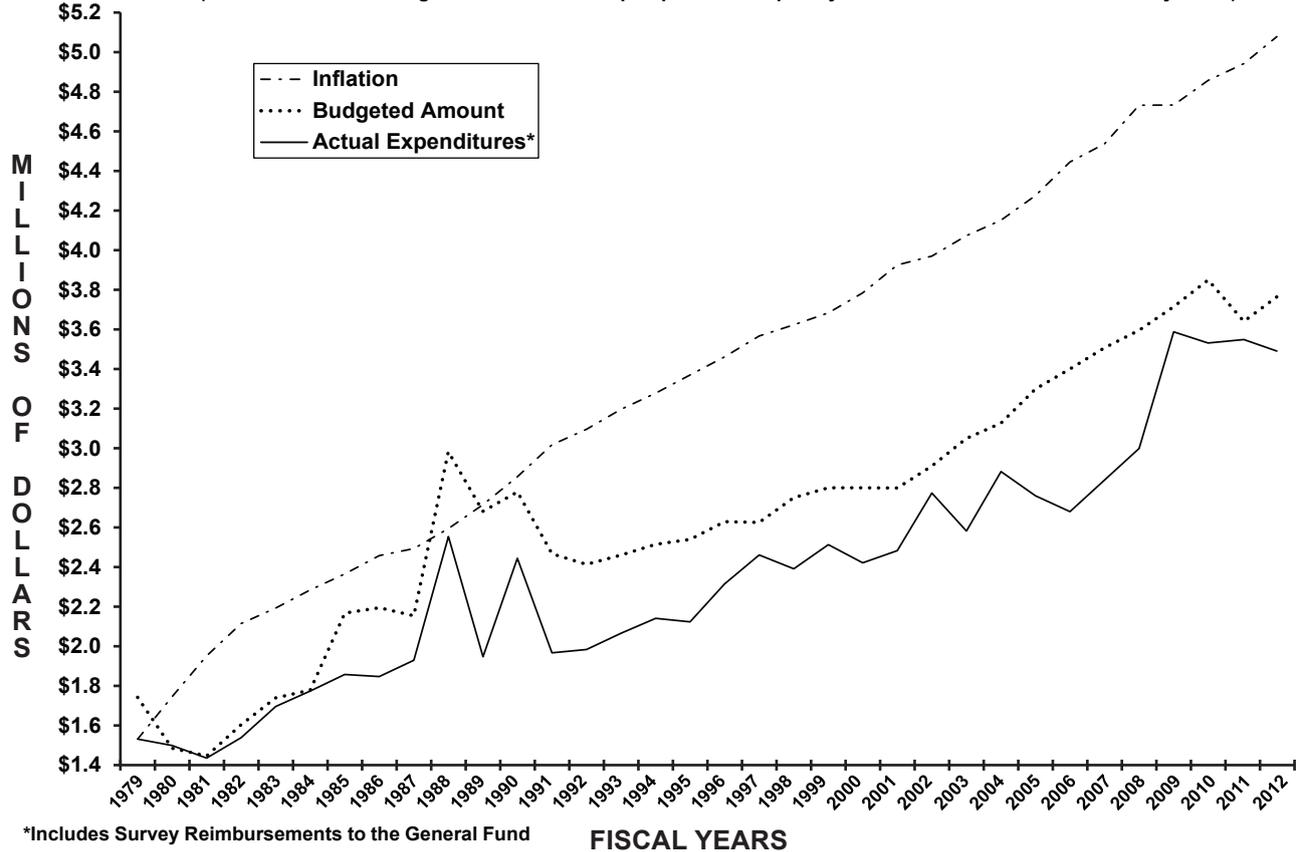
Sources of Revenue	Fiscal Year 2008-2009	Fiscal Year 2009-2010
K-12 Agricultural Rent, Interest and Accounting Fees	\$ 29,702,551.78	\$ 29,193,339.71
K-12 Agricultural Bonus	2,810,551.00	3,714,001.00
K-12 Oil and Gas Rent	421,135.26	456,984.28
K-12 Sand and Gravel Rent	7,118.00	6,619.00
K-12 Water Rent	250.00	250.00
K-12 Minerals Bonus	1,549,277.38	555,414.35
K-12 Oil and Gas Royalties	1,258,811.88	1,506,229.28
K-12 Sand and Gravel Royalties	2,309.35	2,568.50
K-12 Water Royalties	1,006.51	956.68
Timber Sales	6,838.22	3,236.15
K-12 Wind Agreement Rent	34,209.32	41,242.64
Other Miscellaneous Payments	504,802.49	41,364.32
Administrative Fees	14,674.48	45,291.82
Office Space Rent (from other Agency)	26,350.00	26,350.00
Sale of Surplus Administrative Items	6,972.80	37,242.92
Interest on Temporary Investments (Average 60% of Total) ..	201,165.91	353,322.11
10% Fee for Management of University and State College Trust	46,425.40	136,895.99
Total Revenues	\$ 36,594,449.78	\$ 36,121,308.75
Additional Deposits:		
Land Sales	844,089.07	379,696.62
Easements and Condemnations	4,992.00	64,648.23
Total Deposits from School Trust Administration	\$ 37,443,530.85	\$ 36,565,653.60

EXPENDITURES FOR THE BIENNIUM BY FISCAL YEAR

	FISCAL YEAR 2010-2011			EXPENDITURES FOR FISCAL YEAR 2011-2012		
	Budgeted	Expended	%	Budgeted	Expended	%
<i>LAND OWNERSHIP EXPENSES:</i>						
Irrigation Tolls	\$ 140,000	\$ 143,045	102.2%	\$ 140,000	\$ 157,454	112.5%
Capital Expenditure Projects	\$ 445,000	\$ 747,163	167.9%	\$ 545,000	\$ 540,372	99.2%
Non-Cash Lease Expenses	\$ 5,000	\$ 252	5.0%	\$ 6,000	\$ 1,497	25.0%
Real Estate Taxes	\$ 7,310,000	\$ 7,269,634	99.4%	\$ 7,538,300	\$ 7,846,033	104.1%
Noxious Weeds	\$ 703,450	\$ 535,354	76.1%	\$ 715,600	\$ 661,648	92.5%
	\$ 8,603,450	\$ 8,695,448	101.1%	\$ 8,944,900	\$ 9,207,004	102.9%
<i>LAND MANAGEMENT EXPENSES:</i>						
Board	\$ 39,290	\$ 24,351	62.0%	\$ 32,950	\$ 34,961	106.1%
Building Maintenance & Services	\$ 38,565	\$ 65,467	169.8%	\$ 43,615	\$ 68,317	156.6%
Administration	\$ 1,136,410	\$ 1,019,020	89.7%	\$ 1,173,610	\$ 1,043,242	88.9%
Field Operations	\$ 1,121,225	\$ 985,183	87.9%	\$ 1,104,875	\$ 946,569	85.7%
	\$ 2,335,490	\$ 2,094,021	89.7%	\$ 2,355,050	\$ 2,093,089	88.9%
GRAND TOTAL OF ALL BUDGETED EXPENSES	\$ 10,938,940	\$ 10,789,469	98.6%	\$ 11,299,950	\$ 11,300,093	100.0%
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		\$ 55,395			\$ 32,036	
GRAND TOTAL OF ALL EXPENSES		\$ 10,844,864			\$ 11,332,129	

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

FISCAL YEARS

DISBURSEMENTS OF TRUST REVENUES DURING 2011

COUNTY	K-12 PER PUPIL APPORTIONMENT (1)	REAL ESTATE TAX PAYMENTS (2)	TOTAL DISBURSEMENTS
Adams.....	\$ 791,887.82	\$ 27,171.28	\$ 819,059.10
Antelope.....	\$ 156,987.86	\$ 195,771.00	\$ 352,758.86
Arthur.....	\$ 11,574.77	\$ 78,921.06	\$ 90,495.83
Banner.....	\$ 16,699.79	\$ 78,731.62	\$ 95,431.41
Blaine.....	\$ 14,020.82	\$ 75,993.96	\$ 90,014.78
Boone.....	\$ 128,822.71	\$ 18,300.78	\$ 147,123.49
Box Butte.....	\$ 275,958.53	\$ 158,228.66	\$ 434,187.19
Boyd.....	\$ 44,477.33	\$ 98,571.26	\$ 143,048.59
Brown.....	\$ 69,950.64	\$ 209,544.44	\$ 279,495.08
Buffalo.....	\$ 1,000,728.65	\$ 127,166.62	\$ 1,127,895.27
Burt.....	\$ 177,698.43	\$ 19,629.98	\$ 197,328.41
Butler.....	\$ 205,262.57	\$ 12,419.74	\$ 217,682.31
Cass.....	\$ 519,844.82	\$ 1,946.10	\$ 521,790.92
Cedar.....	\$ 210,105.19	\$ 13,444.29	\$ 223,549.48
Chase.....	\$ 93,963.63	\$ 201,356.42	\$ 295,320.05
Cherry.....	\$ 120,169.80	\$ 576,984.26	\$ 697,154.06
Cheyenne.....	\$ 222,401.61	\$ 225,414.60	\$ 447,816.21
Clay.....	\$ 90,889.55	\$ 748.98	\$ 91,638.53
Colfax.....	\$ 296,858.79	\$ 0.00	\$ 296,858.79
Cuming.....	\$ 267,740.73	\$ 6,766.82	\$ 274,507.55
Custer.....	\$ 233,513.87	\$ 354,108.78	\$ 587,622.65
Dakota.....	\$ 555,762.00	\$ 21,129.94	\$ 576,891.94
Dawes.....	\$ 185,167.26	\$ 165,362.18	\$ 350,529.44
Dawson.....	\$ 670,655.83	\$ 65,731.22	\$ 736,387.05
Deuel.....	\$ 57,640.09	\$ 71,239.54	\$ 128,879.63
Dixon.....	\$ 145,645.59	\$ 37,571.66	\$ 183,217.25
Dodge.....	\$ 948,515.57	\$ 0.00	\$ 948,515.57
Douglas.....	\$ 12,861,801.67	\$ 4,061.04	\$ 12,865,862.71
Dundy.....	\$ 52,158.21	\$ 141,951.88	\$ 194,110.09
Fillmore.....	\$ 129,333.44	\$ 0.00	\$ 129,333.44
Franklin.....	\$ 40,700.73	\$ 52,453.28	\$ 93,154.01
Frontier.....	\$ 68,248.67	\$ 107,861.50	\$ 176,110.17
Furnas.....	\$ 143,806.39	\$ 93,848.54	\$ 237,654.93
Gage.....	\$ 435,219.87	\$ 4,351.70	\$ 439,571.57
Garden.....	\$ 36,922.89	\$ 131,002.92	\$ 167,925.81
Garfield.....	\$ 43,756.10	\$ 89,618.38	\$ 133,374.48
Gosper.....	\$ 31,189.37	\$ 17,534.50	\$ 48,723.87
Grant.....	\$ 18,160.10	\$ 29,227.68	\$ 47,387.78
Greeley.....	\$ 68,365.97	\$ 50,620.38	\$ 118,986.35
Hall.....	\$ 1,323,124.86	\$ 40,475.88	\$ 1,363,600.74
Hamilton.....	\$ 223,364.89	\$ 0.00	\$ 223,364.89
Harlan.....	\$ 40,457.83	\$ 37,745.23	\$ 78,203.06
Hayes.....	\$ 16,087.96	\$ 109,134.42	\$ 125,222.38
Hitchcock.....	\$ 38,616.96	\$ 120,747.72	\$ 159,364.68
Holt.....	\$ 238,371.46	\$ 606,804.38	\$ 845,175.84
Hooker.....	\$ 20,960.53	\$ 41,621.34	\$ 62,581.87
Howard.....	\$ 156,739.15	\$ 43,462.42	\$ 200,201.57
Jefferson.....	\$ 185,254.12	\$ 21,025.36	\$ 206,279.48
Johnson.....	\$ 114,669.62	\$ 4,421.44	\$ 119,091.06

DISBURSEMENTS OF TRUST REVENUES DURING 2011

COUNTY	K-12 PER PUPIL (1) APPORTIONMENT	REAL ESTATE (2) TAX PAYMENTS	TOTAL DISBURSEMENTS
Kearney.....	\$ 169,141.63	\$ 41,724.46	\$ 210,866.09
Keith.....	\$ 163,423.48	\$ 228,688.90	\$ 392,112.38
Keya Paha.....	\$ 15,845.06	\$ 102,065.88	\$ 117,910.94
Kimball.....	\$ 69,956.05	\$ 114,453.08	\$ 184,409.13
Knox.....	\$ 213,618.96	\$ 136,773.60	\$ 350,392.56
Lancaster.....	\$ 6,023,494.48	\$ 10,008.50	\$ 6,033,502.98
Lincoln.....	\$ 989,586.50	\$ 352,370.86	\$ 1,341,957.36
Logan.....	\$ 19,010.67	\$ 65,416.76	\$ 84,427.43
Loup.....	\$ 14,138.95	\$ 43,978.91	\$ 58,117.86
Madison.....	\$ 875,219.11	\$ 56,675.98	\$ 931,895.09
McPherson.....	\$ 11,452.91	\$ 74,830.90	\$ 86,283.81
Merrick.....	\$ 134,301.69	\$ 48,012.42	\$ 182,314.11
Morrill.....	\$ 121,284.05	\$ 125,079.84	\$ 246,363.89
Nance.....	\$ 111,021.95	\$ 0.00	\$ 111,021.95
Nemaha.....	\$ 137,103.34	\$ 909.32	\$ 138,012.66
Nuckolls.....	\$ 169,513.44	\$ 4,771.50	\$ 174,284.94
Otoe.....	\$ 433,582.01	\$ 4,874.10	\$ 438,456.11
Pawnee.....	\$ 56,053.77	\$ 2,688.12	\$ 58,741.89
Perkins.....	\$ 64,959.54	\$ 176,000.00	\$ 240,959.54
Phelps.....	\$ 219,445.25	\$ 21,786.64	\$ 241,231.89
Pierce.....	\$ 185,850.56	\$ 100,724.18	\$ 286,574.74
Platte.....	\$ 756,363.66	\$ 14,486.66	\$ 770,850.32
Polk.....	\$ 171,481.18	\$ 36,545.90	\$ 208,027.08
Red Willow.....	\$ 357,793.42	\$ 81,569.64	\$ 439,363.06
Richardson.....	\$ 207,691.57	\$ 8,025.46	\$ 215,717.03
Rock.....	\$ 26,326.79	\$ 161,380.38	\$ 187,707.17
Saline.....	\$ 352,120.61	\$ 2,963.28	\$ 355,083.89
Sarpy.....	\$ 3,061,034.23	\$ 13,480.06	\$ 3,074,514.29
Saunders.....	\$ 434,949.53	\$ 0.00	\$ 434,949.53
Scotts Bluff.....	\$ 807,746.20	\$ 34,930.72	\$ 842,676.92
Seward.....	\$ 439,182.01	\$ 7,867.12	\$ 447,049.13
Sheridan.....	\$ 120,886.85	\$ 255,490.38	\$ 376,377.23
Sherman.....	\$ 67,751.23	\$ 57,972.96	\$ 125,724.19
Sioux.....	\$ 12,802.57	\$ 125,172.04	\$ 137,974.61
Stanton.....	\$ 63,616.93	\$ 8,680.98	\$ 72,297.91
Thayer.....	\$ 117,721.67	\$ 10,789.40	\$ 128,511.07
Thomas.....	\$ 11,820.17	\$ 50,869.74	\$ 62,689.91
Thurston.....	\$ 233,245.21	\$ 0.00	\$ 233,245.21
Valley.....	\$ 90,673.67	\$ 26,283.78	\$ 116,957.45
Washington.....	\$ 492,229.04	\$ 33,148.12	\$ 525,377.16
Wayne.....	\$ 192,549.86	\$ 0.00	\$ 192,549.86
Webster.....	\$ 69,942.74	\$ 10,752.44	\$ 80,695.18
Wheeler.....	\$ 16,699.79	\$ 91,038.08	\$ 107,737.87
York.....	\$ 260,439.16	\$ 19,364.80	\$ 279,803.96
Total.....	\$ 42,363,326.53	\$ 7,352,871.07	\$ 49,716,197.60

(1) Information compiled from 2011 Calendar Year Distribution Reports furnished by the Nebraska Department of Education (2010 calendar year net income).

(2) Real Estate Taxes levied in 2010 and payable during calendar year 2011.

DISBURSEMENTS OF TRUST REVENUES DURING 2012

COUNTY	K-12 PER PUPIL (1) APPORTIONMENT	REAL ESTATE (2) TAX PAYMENTS	TOTAL DISBURSEMENTS
Adams.....	\$ 672,264.90	\$ 30,037.39	\$ 702,302.29
Antelope.....	\$ 146,610.96	\$ 208,303.56	\$ 354,914.52
Arthur.....	\$ 10,504.14	\$ 67,789.62	\$ 78,293.76
Banner.....	\$ 14,527.00	\$ 89,493.92	\$ 104,020.92
Blaine.....	\$ 13,633.03	\$ 76,838.20	\$ 90,471.23
Boone.....	\$ 116,327.76	\$ 17,813.20	\$ 134,140.96
Box Butte.....	\$ 254,893.00	\$ 193,442.48	\$ 448,335.48
Boyd.....	\$ 38,440.68	\$ 96,918.74	\$ 135,359.42
Brown.....	\$ 62,689.60	\$ 214,874.08	\$ 277,563.68
Buffalo.....	\$ 948,054.43	\$ 160,790.22	\$ 1,108,844.65
Burt.....	\$ 158,456.06	\$ 20,899.46	\$ 179,355.52
Butler.....	\$ 173,430.04	\$ 13,648.82	\$ 187,078.86
Cass.....	\$ 481,402.47	\$ 2,413.60	\$ 483,816.07
Cedar.....	\$ 190,750.70	\$ 14,705.50	\$ 205,456.20
Chase.....	\$ 91,408.36	\$ 236,753.56	\$ 328,161.92
Cherry.....	\$ 95,878.21	\$ 564,884.90	\$ 660,763.11
Cheyenne.....	\$ 203,378.01	\$ 260,734.90	\$ 464,112.91
Clay.....	\$ 77,775.33	\$ 796.10	\$ 78,571.43
Colfax.....	\$ 289,422.55	\$ 0.00	\$ 289,422.55
Cuming.....	\$ 246,176.79	\$ 7,157.90	\$ 253,334.69
Custer.....	\$ 194,885.31	\$ 367,368.00	\$ 562,253.31
Dakota.....	\$ 510,456.47	\$ 23,266.76	\$ 533,723.23
Dawes.....	\$ 159,014.79	\$ 147,565.44	\$ 306,580.23
Dawson.....	\$ 603,764.52	\$ 69,754.06	\$ 673,518.58
Deuel.....	\$ 55,873.08	\$ 77,382.34	\$ 133,255.42
Dixon.....	\$ 123,926.49	\$ 37,500.08	\$ 161,426.57
Dodge.....	\$ 863,127.35	\$ 0.00	\$ 863,127.35
Douglas.....	\$ 11,948,905.30	\$ 5,558.72	\$ 11,954,464.02
Dundy.....	\$ 44,027.99	\$ 161,279.46	\$ 205,307.45
Fillmore.....	\$ 113,310.61	\$ 0.00	\$ 113,310.61
Franklin.....	\$ 35,423.53	\$ 60,584.84	\$ 96,008.37
Frontier.....	\$ 63,471.82	\$ 119,422.00	\$ 182,893.82
Furnas.....	\$ 126,943.64	\$ 102,130.28	\$ 229,073.92
Gage.....	\$ 390,552.84	\$ 4,917.70	\$ 395,470.54
Garden.....	\$ 35,535.28	\$ 139,861.02	\$ 175,396.30
Garfield.....	\$ 39,669.89	\$ 89,720.30	\$ 129,390.19
Gosper.....	\$ 27,042.57	\$ 21,278.56	\$ 48,321.13
Grant.....	\$ 16,761.92	\$ 30,446.72	\$ 47,208.64
Greeley.....	\$ 58,890.23	\$ 54,222.64	\$ 113,112.87
Hall.....	\$ 1,231,442.70	\$ 56,672.18	\$ 1,288,114.88
Hamilton.....	\$ 187,845.30	\$ 0.00	\$ 187,845.30
Harlan.....	\$ 34,641.31	\$ 40,992.56	\$ 75,633.87
Hayes.....	\$ 13,744.78	\$ 112,415.82	\$ 126,160.60
Hitchcock.....	\$ 35,758.77	\$ 159,948.88	\$ 195,707.65
Holt.....	\$ 219,357.72	\$ 663,776.94	\$ 883,134.66
Hooker.....	\$ 19,220.34	\$ 38,709.42	\$ 57,929.76
Howard.....	\$ 148,622.40	\$ 44,303.18	\$ 192,925.58
Jefferson.....	\$ 171,195.12	\$ 22,447.04	\$ 193,642.16
Johnson.....	\$ 101,353.77	\$ 5,647.98	\$ 107,001.75

DISBURSEMENTS OF TRUST REVENUES DURING 2012

COUNTY	K-12 PER PUPIL (1) APPORTIONMENT	REAL ESTATE (2) TAX PAYMENTS	TOTAL DISBURSEMENTS
Kearney.....	\$ 150,186.84	\$ 45,352.58	\$ 195,539.42
Keith.....	\$ 141,358.89	\$ 243,975.62	\$ 385,334.51
Keya Paha.....	\$ 15,309.22	\$ 101,107.94	\$ 116,417.16
Kimball.....	\$ 64,142.30	\$ 114,751.30	\$ 178,893.60
Knox.....	\$ 194,550.08	\$ 131,001.20	\$ 325,551.28
Lancaster.....	\$ 5,614,238.89	\$ 13,609.68	\$ 5,627,848.57
Lincoln.....	\$ 931,180.76	\$ 367,471.32	\$ 1,298,652.08
Logan.....	\$ 18,438.12	\$ 71,602.54	\$ 90,040.66
Loup.....	\$ 12,962.55	\$ 49,795.70	\$ 62,758.25
Madison.....	\$ 812,729.83	\$ 62,635.46	\$ 875,365.29
McPherson.....	\$ 9,163.19	\$ 77,175.26	\$ 86,338.45
Merrick.....	\$ 122,362.04	\$ 51,424.18	\$ 173,786.22
Morrill.....	\$ 107,052.83	\$ 135,264.90	\$ 242,317.73
Nance.....	\$ 99,454.09	\$ 0.00	\$ 99,454.09
Nemaha.....	\$ 128,843.32	\$ 905.14	\$ 129,748.46
Nuckolls.....	\$ 157,450.34	\$ 5,522.26	\$ 162,972.60
Otoe.....	\$ 388,541.40	\$ 5,982.54	\$ 394,523.94
Pawnee.....	\$ 50,732.76	\$ 1,962.92	\$ 52,695.68
Perkins.....	\$ 59,895.94	\$ 200,934.30	\$ 260,830.24
Phelps.....	\$ 199,913.88	\$ 25,300.08	\$ 225,213.96
Pierce.....	\$ 167,954.48	\$ 110,076.94	\$ 278,031.42
Platte.....	\$ 699,307.48	\$ 17,916.34	\$ 717,223.82
Polk.....	\$ 163,931.62	\$ 39,721.98	\$ 203,653.60
Red Willow.....	\$ 334,568.00	\$ 87,375.36	\$ 421,943.36
Richardson.....	\$ 188,627.52	\$ 11,757.48	\$ 200,385.00
Rock.....	\$ 24,025.42	\$ 163,396.18	\$ 187,421.60
Saline.....	\$ 332,556.57	\$ 3,505.08	\$ 336,061.65
Sarpy.....	\$ 2,943,058.66	\$ 13,414.78	\$ 2,956,473.44
Saunders.....	\$ 403,068.40	\$ 0.00	\$ 403,068.40
Scotts Bluff.....	\$ 759,091.68	\$ 34,948.64	\$ 794,040.32
Seward.....	\$ 377,702.02	\$ 10,232.24	\$ 387,934.26
Sheridan.....	\$ 111,075.68	\$ 273,396.54	\$ 384,472.22
Sherman.....	\$ 59,672.45	\$ 58,888.64	\$ 118,561.09
Sioux.....	\$ 13,856.52	\$ 115,890.70	\$ 129,747.22
Stanton.....	\$ 59,448.96	\$ 9,621.76	\$ 69,070.72
Thayer.....	\$ 102,918.21	\$ 11,734.90	\$ 114,653.11
Thomas.....	\$ 10,727.63	\$ 47,980.22	\$ 58,707.85
Thurston.....	\$ 208,071.35	\$ 0.00	\$ 208,071.35
Valley.....	\$ 84,144.86	\$ 27,076.36	\$ 111,221.22
Washington.....	\$ 440,279.87	\$ 44,912.22	\$ 485,192.09
Wayne.....	\$ 173,877.02	\$ 0.00	\$ 173,877.02
Webster.....	\$ 61,348.64	\$ 11,544.82	\$ 72,893.46
Wheeler.....	\$ 14,415.25	\$ 95,454.54	\$ 109,869.79
York.....	\$ 241,371.70	\$ 25,429.18	\$ 266,800.88
Total.....	\$ 39,114,397.12	\$ 7,855,518.89	\$ 46,969,916.01

(1) Information compiled from 2012 Calendar Year Distribution Reports furnished by the Nebraska Department of Education (2011 calendar year net income).

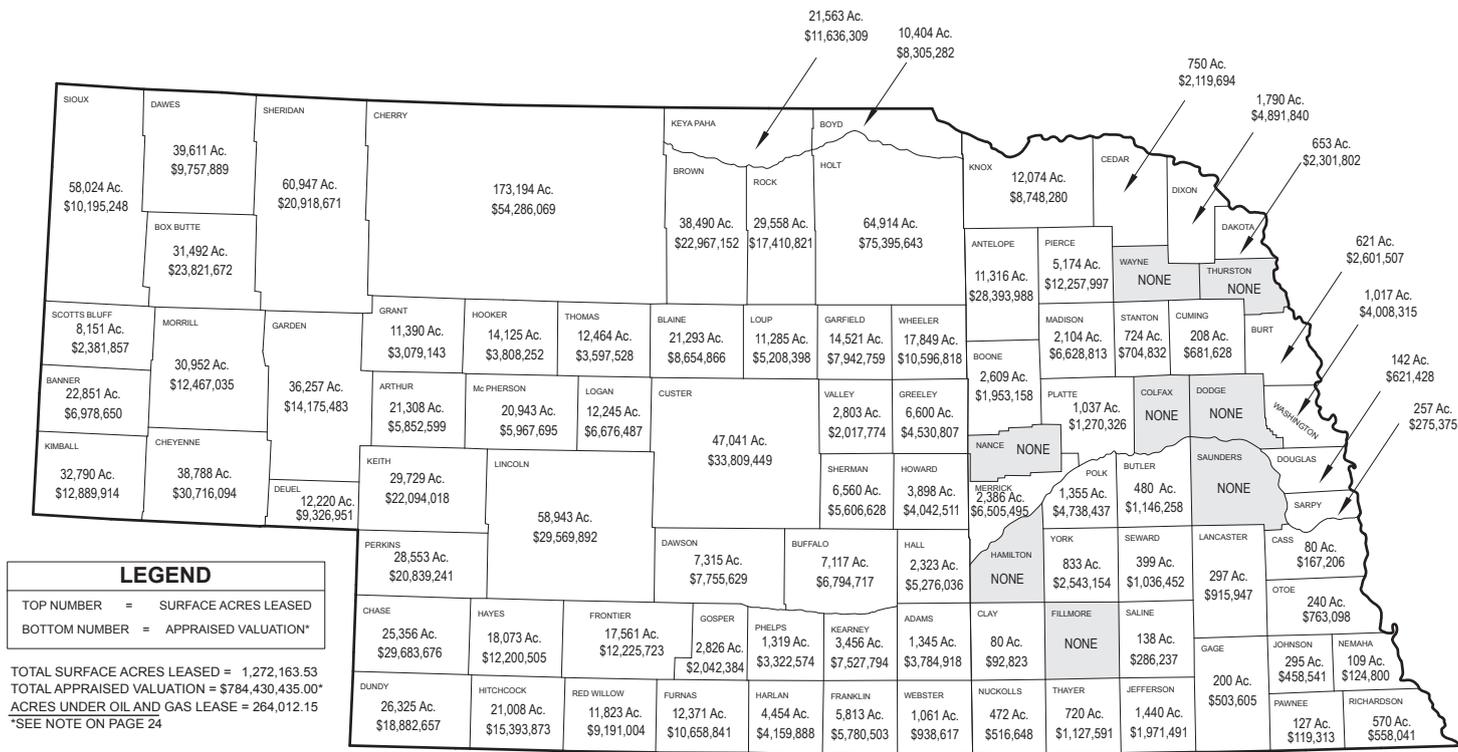
(2) Real Estate Taxes levied in 2011 and payable during calendar year 2012.

SUMMARY OF EDUCATIONAL LANDS

As of June 30, 2012

	ACRES ACQUIRED (1)	ACRES DEEDED (2)	SURFACE ACRES LEASED (3)	APPRAISED VALUATION (4)	AGRICULTURAL RENTAL CHARGED
Common School.....	2,868,396.720	1,596,395.188	1,272,001.532	\$ 784,179,052.00	\$ 31,367,162.10
Saline.....	32,789.220	32,627.220	162.000	\$ 251,382.50	\$ 10,055.30
Total K-12 School Trust Lands.....	2,901,185.940	1,629,022.408	1,272,163.532	\$ 784,430,435.00	\$ 31,377,217.40
University.....	45,463.270	39,290.033	6,173.237	\$ 6,634,560.50	\$ 265,382.42
Ag College.....	89,140.210	85,326.030	3,814.180	\$ 6,138,890.00	\$ 245,555.60
Normal (State College).....	12,804.800	12,729.970	74.830	\$ 220,114.50	\$ 8,804.58
Other.....	-	-	101.350	\$ 21,403.00	\$ 856.12
Total All Other Educational Trust Lands..	147,408.280	137,346.033	10,163.597	\$ 13,014,968.00	\$ 520,598.72

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.



LEGEND

TOP NUMBER = SURFACE ACRES LEASED
 BOTTOM NUMBER = APPRAISED VALUATION*

TOTAL SURFACE ACRES LEASED = 1,272,163.53
 TOTAL APPRAISED VALUATION = \$784,430,435.00*
 ACRES UNDER OIL AND GAS LEASE = 264,012.15
 *SEE NOTE ON PAGE 24

MAP OF K-12 SCHOOL TRUST LANDS

As of June 30, 2012

EDUCATIONAL TRUST LANDS BY COUNTY
Common and Saline Lands (K-12)
As of June 30, 2012

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	\$ 3,784,918.00	11
Antelope.....	31,400.000	20,084.030	11,315.970	28,393,987.50	56
Arthur.....	27,311.980	6,003.787	21,308.193	5,852,599.00	34
Banner.....	26,930.510	4,079.990	22,850.520	6,978,649.50	39
Blaine.....	25,628.020	4,334.800	21,293.220	8,654,865.50	44
Boone.....	23,675.280	21,065.940	2,609.340	1,953,157.50	8
Box Butte.....	40,963.930	9,472.050	31,491.880	23,821,672.00	66
Boyd.....	22,664.500	12,260.340	10,404.160	8,305,282.00	57
Brown.....	49,088.020	10,597.590	38,490.430	22,967,151.50	68
Buffalo.....	30,894.620	23,777.280	7,117.340	6,794,716.50	29
Burt.....	18,225.550	17,604.290	621.260	2,601,507.00	4
Butler.....	21,699.630	21,219.630	480.000	1,146,258.00	3
Cass.....	19,733.980	19,653.980	80.000	167,206.00	2
Cedar.....	27,154.850	26,404.360	750.490	2,119,694.00	5
Chase.....	33,280.000	7,924.420	25,355.580	29,683,675.50	64
Cherry.....	276,595.130	103,400.923	173,194.207	54,286,069.00	284
Cheyenne.....	44,507.500	5,719.722	38,787.778	30,716,093.50	80
Clay.....	21,240.000	21,160.000	80.000	92,822.50	1
Colfax.....	14,463.510	14,463.510	0.000	0.00	0
Cuming.....	20,324.600	20,116.560	208.040	681,637.50	1
Custer.....	92,658.160	45,616.730	47,041.430	33,809,448.50	133
Dakota.....	7,255.960	6,602.690	653.270	2,301,801.50	4
Dawes.....	51,973.900	12,362.540	39,611.360	9,757,889.00	79
Dawson.....	36,725.000	29,410.214	7,314.786	7,755,629.00	21
Deuel.....	16,800.700	4,580.640	12,220.060	9,326,951.00	29
Dixon.....	17,029.280	15,238.900	1,790.380	4,891,839.50	11
Dodge.....	18,560.930	18,560.930	0.000	0.00	0
Douglas.....	9,320.810	9,179.200	141.610	621,428.00	3
Dundy.....	33,307.410	6,982.790	26,324.620	18,882,657.00	48
Fillmore.....	20,648.510	20,648.510	0.000	0.00	0
Franklin.....	20,471.850	14,658.870	5,812.980	5,780,502.50	24
Frontier.....	34,560.000	16,998.840	17,561.160	12,225,722.50	47
Furnas.....	25,648.310	13,277.790	12,370.520	10,658,840.50	39
Gage.....	24,637.310	24,437.310	200.000	503,604.50	2
Garden.....	64,221.550	27,964.860	36,256.690	14,175,483.00	71
Garfield.....	20,480.000	9,598.870	14,521.130	7,942,758.50	31
Gosper.....	16,640.000	13,813.620	2,826.380	2,042,384.00	7
Grant.....	30,565.440	19,175.450	11,389.990	3,079,143.00	24
Greeley.....	20,475.300	13,875.300	6,600.000	4,530,807.00	23
Hall.....	19,759.940	17,437.000	2,322.940	5,276,035.50	18
Hamilton.....	20,487.700	20,487.700	0.000	0.00	0
Harlan.....	20,364.600	15,910.830	4,453.770	4,159,887.50	18
Hayes.....	26,160.000	8,086.610	18,073.390	12,200,505.00	53
Hitchcock.....	25,460.910	4,453.176	21,007.734	15,393,872.50	54
Holt.....	88,962.030	24,048.256	64,913.774	75,395,642.50	188
Hooker.....	28,626.050	14,501.300	14,124.750	3,808,252.00	20
Howard.....	23,036.780	19,138.660	3,898.120	4,042,510.50	16
Jefferson.....	20,484.080	19,044.080	1,440.000	1,971,490.50	12
Johnson.....	13,480.000	13,184.840	295.160	458,541.00	5
Kearney.....	18,758.060	15,302.090	3,455.970	7,527,794.00	9
Keith.....	46,542.710	16,813.563	29,729.147	22,094,017.50	71
Keya Paha.....	26,394.490	4,831.140	21,563.350	11,636,309.00	48
Kimball.....	36,561.000	3,771.080	32,789.920	12,889,913.50	59
Knox.....	43,533.810	31,460.030	12,073.780	8,748,279.50	52
Lancaster.....	31,973.850	31,676.410	297.440	915,947.00	3
Lancaster (Saline).....	32,789.220	32,627.220	162.000	251,382.50	2
Lincoln.....	100,191.790	41,249.017	58,942.773	29,569,891.50	120
Logan.....	20,480.000	8,235.320	12,244.680	6,676,486.50	23
Loup.....	20,393.280	9,108.520	11,284.760	5,208,397.50	23
Madison.....	24,626.970	22,523.094	2,103.876	6,628,813.00	14
McPherson.....	32,361.410	11,418.290	20,943.120	5,967,694.50	35
Merrick.....	14,976.210	12,589.800	2,386.410	6,505,494.50	15
Morrill.....	62,316.080	31,364.319	30,951.761	12,467,035.00	59
Nance.....	0.000	0.000	0.000	0.00	0
Nemaha.....	11,993.240	11,884.660	108.580	124,800.00	2
Nuckolls.....	21,049.610	20,577.230	472.380	516,648.00	5

EDUCATIONAL TRUST LANDS BY COUNTY
Common and Saline Lands (K-12)
As of June 30, 2012

COUNTY	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	763,097.50	3
Pawnee.....	20,128.960	20,001.960	127.000	119,313.00	2
Perkins.....	31,892.830	3,339.874	28,552.956	20,839,240.50	59
Phelps.....	20,388.030	19,068.600	1,319.430	3,322,574.00	6
Pierce.....	20,480.000	15,306.240	5,173.760	12,257,997.00	19
Platte.....	23,655.480	22,618.900	1,036.580	1,270,325.50	8
Polk.....	17,432.560	16,077.200	1,355.360	4,738,437.00	6
Red Willow.....	25,408.710	13,585.616	11,823.094	9,191,004.00	32
Richardson.....	10,400.000	9,830.000	570.000	558,041.00	5
Rock.....	41,599.990	12,041.670	29,558.320	17,410,820.50	63
Saline.....	20,620.000	20,481.830	138.170	286,237.00	3
Sarpy.....	8,994.920	8,737.450	257.470	275,375.00	7
Saunders.....	26,323.880	26,323.880	0.000	0.00	0
Scotts Bluff.....	25,507.790	17,357.250	8,150.540	2,381,857.00	20
Seward.....	21,203.950	20,805.290	398.660	1,036,451.50	3
Sheridan.....	95,765.150	34,818.130	60,947.020	20,918,671.00	126
Sherman.....	20,453.780	13,893.840	6,559.940	5,606,628.00	27
Sioux.....	80,967.440	22,943.721	58,023.719	10,195,248.00	106
Stanton.....	15,444.290	14,720.000	724.290	704,831.50	3
Thayer.....	20,472.350	19,752.350	720.000	1,127,590.50	5
Thomas.....	29,338.040	16,873.702	12,464.338	3,597,528.00	23
Thurston.....	0.000	0.000	0.000	0.00	0
Valley.....	20,704.750	17,901.760	2,802.990	2,017,773.50	10
Washington.....	13,783.350	12,766.110	1,017.240	4,008,314.50	10
Wayne.....	15,360.000	15,360.000	0.000	0.00	0
Webster.....	20,861.200	19,800.000	1,061.200	938,616.50	9
Wheeler.....	21,120.000	3,271.294	17,848.706	10,596,818.00	38
York.....	20,480.000	19,646.610	833.390	2,543,153.50	9
Total K-12					
School Trust Lands...	2,901,185.940	1,629,022.408	1,272,163.532	\$ 784,430,435.00	2,978

University, Agricultural College and Normal School (State College) Lands
As of June 30, 2012

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	\$ 257,123.00	1
Burt (Ag).....	640.000	640.000	0.000	0.00	0
Cedar (Ag).....	25,405.470	24,431.630	973.840	2,287,933.50	7
Cedar (Uni).....	1,920.000	1,605.703	314.297	622,984.00	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	21,403.00	1
Dixon (Ag).....	2,240.000	2,200.000	40.000	169,650.00	1
Dixon (Uni).....	640.000	640.000	0.000	0.00	0
Holt (Uni).....	8,322.100	4,420.460	3,901.640	3,549,329.50	20
Knox (Ag).....	33,491.200	31,207.590	2,283.610	1,632,142.50	8
Knox (Uni).....	4,480.000	3,969.610	510.390	565,150.00	4
Lancaster (Normal).....	12,804.800	12,729.970	74.830	220,114.50	1
Madison (Uni).....	2,240.000	2,080.000	160.000	604,506.50	1
Nuckolls (Uni).....	4,940.020	4,764.580	175.440	157,340.00	1
Pierce (Ag).....	10,114.560	9,597.830	516.730	2,049,164.00	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	878,127.50	7
Total All Other					
Educational Trust Lands...	147,408.280	137,346.033	10,163.597	\$ 13,014,968.00	57

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 \$31.4 million and a rate of 4% is chosen, the resulting value will be \$785.0 million. Similarly, a rate of 5% applied to rental of \$31.4 million will yield a value of \$628.0 million, and a rate of 6% used for the same \$31.4 million rent will result in a value of \$523.3 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 \$794.7 million for 1.284 million acres as of June 30, 2011, and \$999.9 million for 1.272 million acres as of June 30, 2012. By comparison, the total agricultural rent established by the Board for that land was approximately \$31.4 million effective January 1, 2012, and will be approximately \$34.3 million effective January 1, 2013. These values are based on agricultural land value only and do not include any enhanced value for acreages, recreational or hunting parcels.

TOTAL K-12 SCHOOL TRUST LAND SALES FOR THE BIENNIUM

TOTAL PARCELS	TOTAL ACRES	GRASS ACRES	CROP ACRES	CRP ACRES	OTHER ACRES	BEGINNING BID PRICE	SALE PRICE	EXCESS OVER BEGINNING PRICE
15	2,298.99	1,090.77	100.040	0.000	108.150	\$1,080,430	\$1,146,330	\$65,900 6.10%

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 were only three land sale requests denied by the Board to be reported pursuant to the last sentence of the second paragraph of Section 72-258.

During Fiscal Year 2010-11, the Board denied a request that Section 36-T28N-R22W, Brown County, be offered at public auction for \$232,400. This is a grass parcel, used exclusively for grazing livestock, located 14 miles south of Ainsworth, NE. The terms of downpayment offered for land sale were not in conformance with Statute, and sale of the parcel at the price offered was not in the best interests of the School Trust.

Also during Fiscal Year 2010-11, the Board denied a request that Govt. Lot 6 of Section 36-T34N-R15W, Holt County, be offered at public auction for \$23,500. This is a grass parcel, used for haying and recreation, located along the Niobrara River 23 miles north and 2 miles west of Atkinson, NE. This tract has a stipulation that the Board can call this lease with 9 months notice, but not prior to January 1, 2013. Land Sale prior to October 1, 2013 is not possible due to this lease stipulation, and sale of the parcel at the price offered was not in the best interests of the School Trust.

During Fiscal Year 2011-12, the Board denied a request that the NE¼ and the W½ of Section 36-T10N-R35W, Perkins County, be offered at public auction for \$387,000. This is a combination dryland cropland and grass parcel, located 1.5 miles southeast of Grafton, NE. A Certified General Appraisal was obtained on this property with a value of \$550,000, and sale of the parcel at the price offered was not in the best interests of the School Trust.

REPORT OF INDEFINITELY POSTPONED LAND SALE REQUESTS

During Fiscal Year 2010-11, the Board indefinitely tabled consideration of land sale requests for Section 36-T18N-R51W, Morrill County, and Section 16-T20N-R58W, Scotts Bluff County. These are grass parcels, used exclusively for grazing livestock, located in or near wind development areas with potential wind income for the School Trust.

SUMMARY OF K-12 SCHOOL TRUST LAND SALES DURING FISCAL YEAR 2010-2011

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
Cherry	164	All	36-T26N-R31W	Pasture	642.480	642.480				\$191,300	\$191,300	\$0
Cheyenne	41	The residential acreage and improvement site of 41.2 total surveyed acres located in the NE¼	36-T16N-R50W	Residential acreage and improvement site and dryland croppground	41.200				41.200	\$45,000	\$45,000	\$0
Deuel	17a	All that part of N½S½ lying north of Highway 30 and west of the Deuel County fairground	16-T13N-R45W	Corral area	7.140				7.140	\$10,000	\$10,000	\$0
Dundy	13	The South 188' of the West 462' of the SE¼SW¼	16-T03N-R37W	Croppground	2.000		2.000			\$4,000	\$4,000	\$0
Hitchcock	5	The fenced out residential acreage and improvement site abutting the south side of Hwy 6 and 34 in NW¼NW¼NE¼	16-T03N-R31W	Residential acreage and improvement site	5.000				5.000	\$15,000	\$15,000	\$0
Hooker	10	All that part of the W½W½ lying west of US Hwy #97	36-T21N-R32W	Pasture	72.000	72.000				\$26,640	\$26,640	\$0
Lincoln	36	All	16-T15N-R28W	Pasture	640.000	640.000				\$248,200	\$248,200	\$0
Pawnee	2	NE¼NE¼	04-T03N-R12W	Pasture	46.110	45.110			1.000	\$52,600	\$69,500	\$16,900
Red Willow	22a	S½SE¼, NW¼SE¼, S¼NE4¼SE¼, NE¼NE¼, E¼NW¼NE¼ and NW¼NW¼NE¼	16-T04N-R29W	Grassland and dryland croppground	210.000	202.000	6.000		2.000	\$92,900	\$92,900	\$0
Red Willow	22b	W½ except N½NE¼NW¼	16-T04N-R29W	Grassland and irrigated croppground	300.000	281.000	19.000			\$137,100	\$137,100	\$0
Sheridan	125	A non-exclusive, perpetual access road easement for ingress and egress located in the NW¼NE¼ and NE¼NW¼	36-T34N-R45W	40' X 60' wide and approximately 1,000' in length	1.180	1.180				\$2,590	\$2,590	\$0
11 Total Parcels Sold during FY 2010-2011					1,967.110	1,883.770	27.000	0.000	56.340	\$825,330	\$842,230	\$16,900 (2.05%)

SUMMARY OF LANDS OFFERED BUT DID NOT SELL DURING FISCAL YEAR 2010-2011

COUNTY	PLAT #	LEGAL DESCRIPTION	SEC-TWN-RGE	CHARACTERISTICS OF THE LAND	TOTAL ACRES	GRASS ACRES	CROP ACRES	CRP ACRES	OTHER ACRES	BEGINNING BID PRICE	NO SALE
Dawson	1	E½SW¼	02-T10N-R19W	Grassland	80	79			1	\$46,300	

SUMMARY OF K-12 SCHOOL TRUST LAND SALES DURING FISCAL YEAR 2011-2012

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
Douglas	NA	A triangular tract in the Southeast corner of Sub Lot 1 of Tax Lot 21 lying east of the Chicago and Northwestern Railroad. Also known as 4512 N 18th Street	03-T15N-R13E	Tree covered triangular parcel with no value	0.26				0.26	\$100	\$100	\$0
Hayes	11	E½NE¼ and SE¼	16-T06N-R32W	Grassland and dryland croppground	240.000	207.000	33.000			\$125,000	\$174,000	\$49,000
Keith	2	Tracts C, D and E located in Government Lots 2 and 3 along with all accretions thereto (All in the NW4 quadrant of the Section, northwest of the I-80 Interchange)	08-T13N-35W	Dryland croppground	78.310		40.040		38.240	\$100,000	\$100,000	\$0
Keith	57	Residential acreage and improvement site of 13.31 total surveyed acres located in NE¼	16-T14N-R40W	Residential acreage and improvement site	13.310				13.310	\$30,000	\$30,000	\$0
4 Total Parcels Sold during FY 2011-2012					331.880	207.000	73.040	0.000	51.810	\$255,100	\$304,100	\$49,000 (19.2%)

OIL AND GAS LEASES BY COUNTY
K-12 School Trust Lands
As of June 30, 2012

COUNTY	NO. OF LEASES	NO. OF ACRES UNDER LEASE
Banner	51	26,290.510
Chase	7	4,476.140
Cheyenne	70	39,157.850
Deuel	3	1,920.000
Dundy	52	27,891.930
Furnas	6	2,723.220
Garden	3	1,930.390
Gosper	1	440.000
Hayes	1	160.000
Hitchcock	2	1,280.000
Keith	36	19,325.630
Kimball	64	33,236.000
McPherson	9	5,760.000
Morrill	58	26,089.110
Perkins	5	3,204.280
Red Willow	13	5,600.000
Scotts Bluff	30	14,408.950
Sioux	84	50,118.140
16 Counties	495	264,012.150

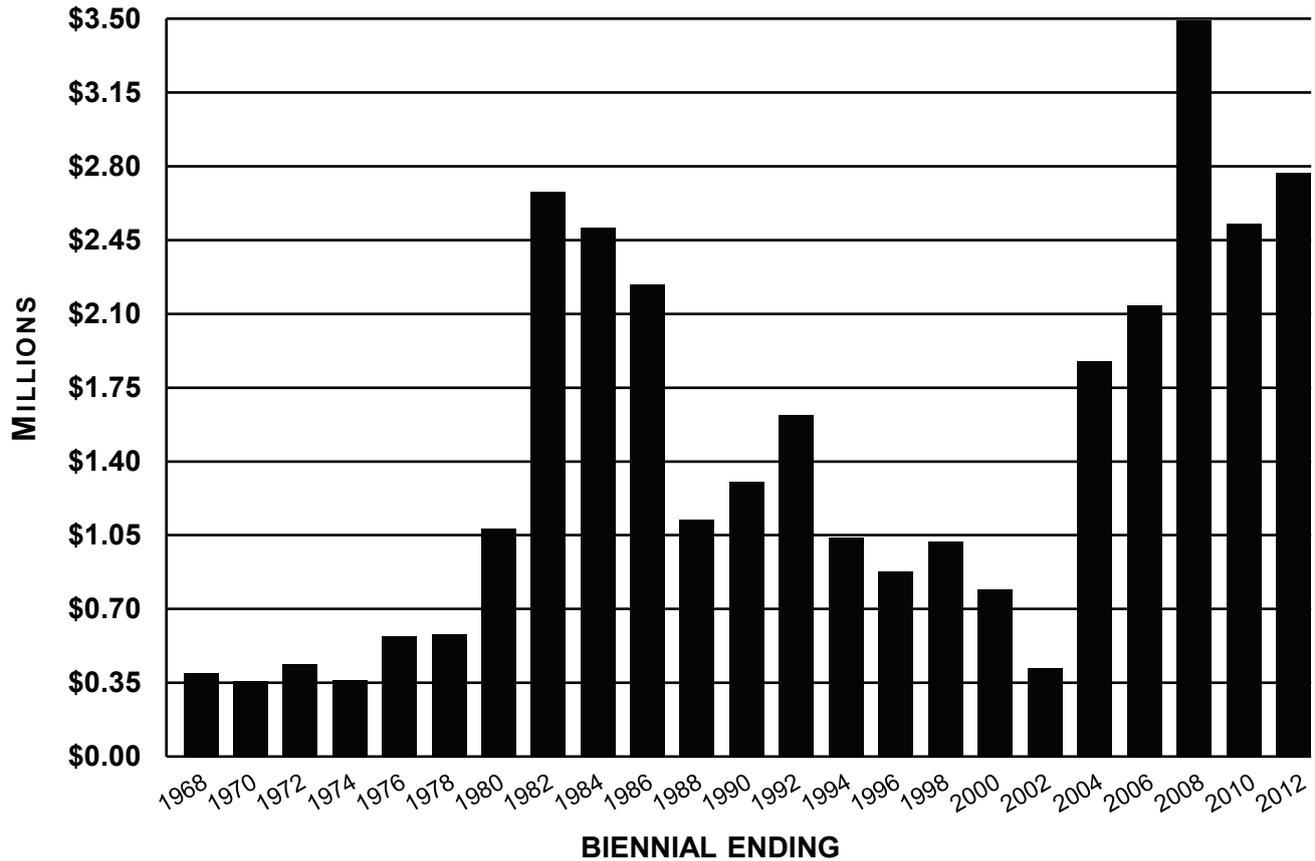
There were no oil or gas leases covering University, Agricultural College or State College (Normal School) Lands.

OIL AND GAS ROYALTIES BY COUNTY
K-12 School Trust Lands
July 1, 2010 through June 30, 2012

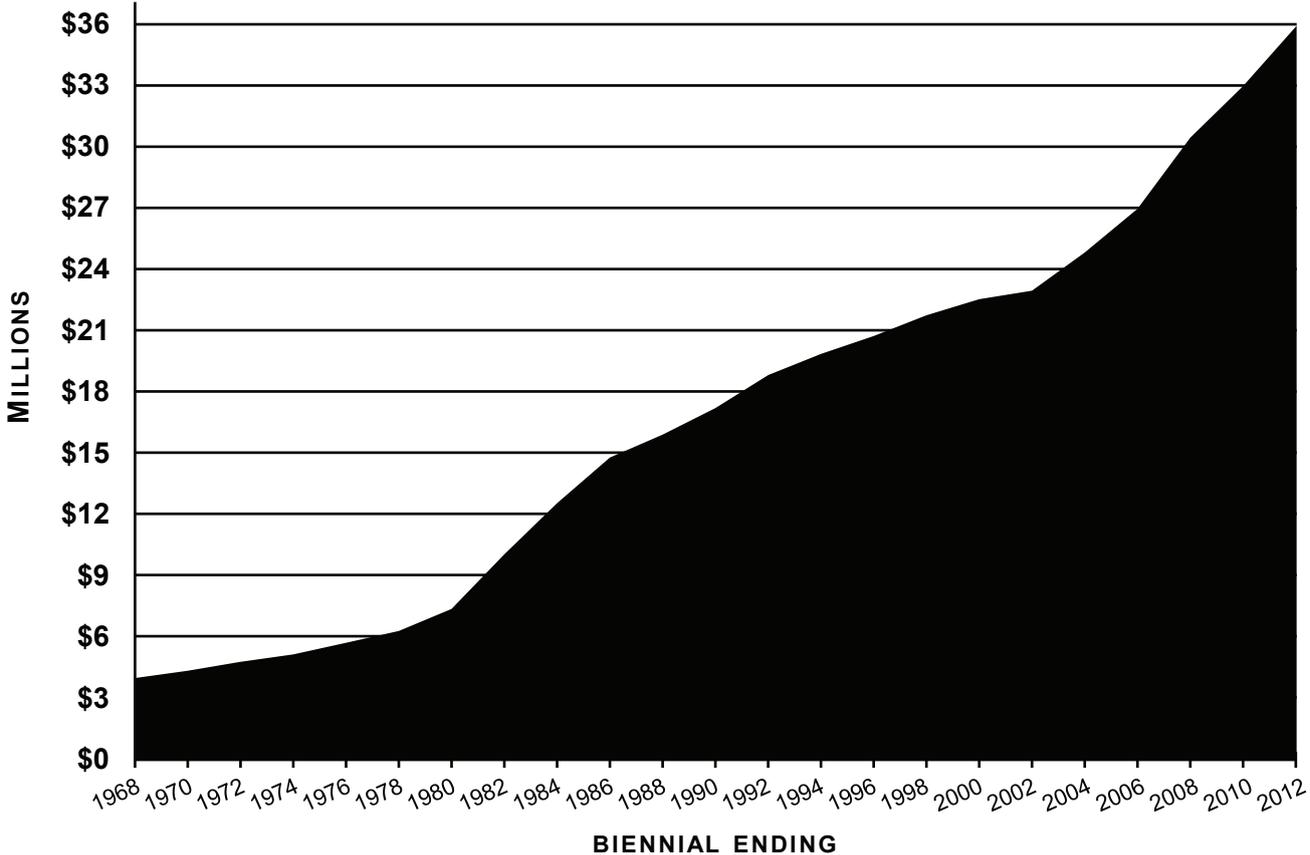
COUNTY	ROYALTIES RECEIVED
Banner.....	\$ 108,420.78
Chase.....	\$ 89,899.71
Cheyenne.....	\$ 134,731.11
Deuel.....	\$ 3,675.70
Dundy.....	\$ 695,180.23
Furnas.....	\$ 110,824.23
Hitchcock.....	\$ 462,332.81
Kimball.....	\$ 698,110.69
Morrill.....	\$ 199,542.47
Red Willow.....	\$ 210,335.22
Scotts Bluff.....	\$ 51,988.21
TOTAL.....	\$ 2,765,041.16

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