

**July 1, 2006 through June 30, 2007**



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

**Report to the Clerk of the Legislature (§ 72-240.26)**

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

**BOARD MEMBERS**

**TERM EXPIRES**

Thomas C. Baker, Trenton, NE .....	1st District.....	Oct. 1, 2011
Robert M. Martin, Omaha, NE .....	2nd District.....	Oct. 1, 2007
DeMarus Carlson, Crofton, NE .....	3rd District .....	Oct. 1, 2008
M. Jane Keller, Bassett, NE .....	4th District .....	Oct. 1, 2009
Charles Ward, Valentine, NE .....	At Large .....	Oct. 1, 2010

**PROFESSIONAL PERSONNEL**

L. Jay Gildersleeve .....	General Counsel, Minerals Director, and Deputy Director
Cindy S.H. Kehling .....	Executive Assistant
Roxanne E. Suesz .....	Executive Assistant
Laura B. Bahr-Frew .....	Minerals Administrator
Kathy J. Wright .....	Data Processing
Ann C. Poland .....	Administrative Assistant
Michelle L. Trojan .....	Administrative Assistant
Vicki J. Norton .....	Land Acreage Records
Donita S. From .....	Accounts Payable
Heidi J. Schmidt .....	Accounts Receivable
Ronald J. Vance .....	Field Supervisor
Daryl Cisney .....	Field Representative
Mark Cooper .....	Field Representative
Cort Dewing .....	Field Representative
Rusty Fritz .....	Field Representative
John Grint .....	Field Representative
Jim Janda .....	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 have been 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 and several decades before the Board of Educational Lands and Funds came into existence. In accordance with Article VII, Sections 7 and 8 of the Nebraska Constitution, the proceeds from all sales comprise part of the Permanent School Trust Fund and all school trust funds are invested exclusively by the Nebraska Investment Council.

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

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

The primary duty of the Board is to manage the more than 1.3 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 also discretionary with the Board.

The primary sources of revenue generated from Nebraska's School Trust Lands are rental and bonus for agricultural leases and rental, bonus and royalty for minerals leases. Analysis using valuation data of the University of Nebraska, Department of Agricultural Economics, established that Nebraska's K-12 School Trust Lands had a current market value of approximately \$517.4 million for 1.340 million acres as of June 30, 2006, and \$579.9 million for 1.312 million acres as of June 30, 2007. The total agricultural rent established by the Board for that land was approximately \$21.9 million effective January 1, 2007, and will be about \$23.5 million effective January 1, 2008.

Effective January 1, 2001, certain leased public property became taxable to the leaseholder (lessee) as if it were owned by the lessee. The Board has chosen to voluntarily pay these taxes and collect them from the lessees as part of the rent. Also effective as of January 1, 2001, the in lieu of tax payments which have been distributed for many years, to prevent revenue losses to the districts in which School Trust Land is located, are now made only with respect to those parcels which are tax exempt. Pursuant to Article VII, Section 9 of the Nebraska Constitution, the net income of the School Trust remaining after these tax and in lieu of tax payments have been made is distributed to Nebraska's K-12 public schools statewide, including the school districts where School Trust Land is located, on a per pupil basis each year.

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 April 2000 all documents have been made available online at the State Surveyor's website. All online documents are free of charge. As of this report, the Survey Record Repository contains approximately 240,112 documents archived on microfilm of which approximately 64,750 documents may be accessed online.
- (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 FISCAL YEAR 2006-2007\***

**July 1, 2006 to June 30, 2007**

TEMPORARY SCHOOL FUND (Income):

Agricultural Lease Rentals and Interest .....	\$	21,477,745.93
Agricultural Lease Bonus .....		1,685,450.00
Minerals Lease Rentals .....		232,340.46
Minerals Lease Bonus .....		57,840.00
Other Sources .....		52,572.93
Interest on Temporary Investments .....		5,051,719.18
Interest and Dividends on Permanent Investments .....		13,121,107.22
Liquor Control Licenses, Fines, Fees .....		343,827.00
Other Licenses, Fines, Fees .....		100.00
 TOTAL INCOME .....	 \$	 42,022,702.72

PERMANENT SCHOOL FUND (New Deposits):

Mineral Lease Royalties:		
Oil and Gas .....	\$	1,061,913.82
Sand and Gravel .....		9,918.22
Limestone .....		-
Water Lease Royalties.....		1,044.30
Oil and Gas Severance Tax.....		2,695,040.64
Federal Mineral Deposits .....		26,914.62
Land Sales, Easements and Condemnations .....		3,525,000.00
Unclaimed Property, Escheats and Estrays .....		6,173,494.83
Licenses, Fines, Fees, Penalties, Forfeitures .....		4,440,840.67
All Other Sources .....		54,286.51
 TOTAL ADDITIONS TO PRINCIPAL .....	 \$	 17,988,453.61

TOTAL K-12 SCHOOL TRUST REVENUES ..... \$ 60,011,156.33

\* 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, 2007**

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<b>FUND (Fund Number)</b>	<b>MARKET VALUE</b>
Permanent K-12 School Fund (63340) .....	\$ 452,137,643.45
Permanent University Fund (63350) .....	1,283,058.18
Agricultural College Fund (65130) .....	2,254,637.85
State College Fund (63280 - Normal Schools) .....	241,244.27
TOTAL .....	\$ 455,916,583.75

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\* Information obtained from the following DAS website:

[www.das.state.ne.us/accounting/nis/reports/index.htm](http://www.das.state.ne.us/accounting/nis/reports/index.htm)

Effective July 1, 2007, \$40 Million of the Permanent K-12 School Fund was allocated for the Early Childhood Education Endowment Fund (61365) \*

**The K-12 School Trust Portfolio was 56.2% Land (\$579.9 million) and 43.8% Stocks and Bonds (\$452.1 million) as of June 30, 2007.**

**EXPENDITURES**

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

The Personnel Almanac can be obtained free of charge by contacting the State Personnel Division of the Department of Administrative Services, Nebraska State Office Building – First Floor, P.O. Box 94905, Lincoln, Nebraska, 68509-4905 (Telephone: 402/471-4460 or 402/471-2075) or may be downloaded from their website at [www.das.state.ne.us/emprel](http://www.das.state.ne.us/emprel) and found under 'Publications'.

\* 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.

## DISBURSEMENTS OF TRUST REVENUES DURING 2007

COUNTY	K-12 PER PUPIL (1) APPORTIONMENT	REAL ESTATE (2) TAX PAYMENTS	TOTAL DISBURSEMENTS
Adams	\$ 710,604.50	\$ 20,831.60	\$ 731,436.10
Antelope	\$ 143,367.58	\$ 137,913.88	\$ 281,281.46
Arthur	\$ 7,108.23	\$ 53,824.86	\$ 60,933.09
Banner	\$ 15,310.04	\$ 63,567.08	\$ 78,877.12
Blaine	\$ 14,216.46	\$ 70,406.92	\$ 84,623.38
Boone	\$ 132,103.76	\$ 15,472.64	\$ 147,576.40
Box Butte	\$ 253,053.07	\$ 128,740.36	\$ 381,793.43
Boyd	\$ 44,399.11	\$ 77,206.76	\$ 121,605.87
Brown	\$ 62,989.87	\$ 148,296.82	\$ 211,286.69
Buffalo	\$ 851,566.22	\$ 89,237.08	\$ 940,803.30
Burt	\$ 176,721.60	\$ 14,904.18	\$ 191,625.78
Butler	\$ 201,983.15	\$ 8,241.72	\$ 210,224.87
Cass	\$ 477,782.57	\$ 1,274.10	\$ 479,056.67
Cedar	\$ 215,980.89	\$ 29,555.44	\$ 245,536.33
Chase	\$ 97,984.24	\$ 189,264.90	\$ 287,249.14
Cherry	\$ 120,511.87	\$ 473,071.38	\$ 593,583.25
Cheyenne	\$ 197,062.07	\$ 182,605.92	\$ 379,667.99
Clay	\$ 101,702.40	\$ 276.46	\$ 101,978.86
Colfax	\$ 268,472.46	\$ 0.00	\$ 268,472.46
Cuming	\$ 233,040.65	\$ 4,021.24	\$ 237,061.89
Custer	\$ 216,855.77	\$ 270,193.98	\$ 487,049.75
Dakota	\$ 475,704.77	\$ 15,848.28	\$ 491,553.05
Dawes	\$ 143,039.50	\$ 130,132.58	\$ 273,172.08
Dawson	\$ 728,211.06	\$ 55,541.90	\$ 783,752.96
Deuel	\$ 53,585.14	\$ 66,131.78	\$ 119,716.92
Dixon	\$ 144,570.50	\$ 29,228.12	\$ 173,798.62
Dodge	\$ 800,933.74	\$ 0.00	\$ 800,933.74
Douglas	\$ 11,404,885.19	\$ 3,139.56	\$ 11,408,024.75
Dundy	\$ 38,821.88	\$ 138,857.74	\$ 177,679.62
Fillmore	\$ 129,151.11	\$ 0.00	\$ 129,151.11
Franklin	\$ 38,275.10	\$ 44,476.00	\$ 82,751.10
Frontier	\$ 72,066.54	\$ 91,603.50	\$ 163,670.04
Furnas	\$ 134,072.19	\$ 81,371.96	\$ 215,444.15
Gage	\$ 425,400.36	\$ 3,012.96	\$ 428,413.32
Garden	\$ 35,869.23	\$ 152,223.86	\$ 188,093.09
Garfield	\$ 35,650.52	\$ 55,624.70	\$ 91,275.22
Gosper	\$ 30,292.00	\$ 14,573.74	\$ 44,865.74
Grant	\$ 19,903.05	\$ 27,984.62	\$ 47,887.67
Greeley	\$ 68,676.46	\$ 45,597.80	\$ 114,274.26
Hall	\$ 1,172,748.95	\$ 29,179.86	\$ 1,201,928.81
Hamilton	\$ 194,546.85	\$ 0.00	\$ 194,546.85
Harlan	\$ 36,087.95	\$ 28,027.10	\$ 64,115.05
Hayes	\$ 15,638.11	\$ 94,138.16	\$ 109,776.27
Hitchcock	\$ 40,790.32	\$ 105,976.96	\$ 146,767.28
Holt	\$ 242,007.98	\$ 500,211.72	\$ 742,219.70
Hooker	\$ 19,137.55	\$ 32,443.38	\$ 51,580.93
Howard	\$ 152,444.24	\$ 30,547.38	\$ 182,991.62
Jefferson	\$ 205,263.88	\$ 17,126.14	\$ 222,390.02
Johnson	\$ 105,201.84	\$ 5,330.56	\$ 110,532.40

## DISBURSEMENTS OF TRUST REVENUES DURING 2007

COUNTY	K-12 PER PUPIL (1) APPORTIONMENT	REAL ESTATE (2) TAX PAYMENTS	TOTAL DISBURSEMENTS
Kearney	\$ 169,285.29	\$ 36,620.44	\$ 205,905.73
Keith	\$ 156,709.18	\$ 141,461.06	\$ 298,170.24
Keya Paha	\$ 16,184.90	\$ 85,541.54	\$ 101,726.44
Kimball	\$ 71,410.39	\$ 85,739.86	\$ 157,150.25
Knox	\$ 195,312.36	\$ 119,187.90	\$ 314,500.26
Lancaster	\$ 5,118,692.68	\$ 9,893.02	\$ 5,128,585.70
Lincoln	\$ 857,143.44	\$ 273,472.86	\$ 1,130,616.30
Logan	\$ 18,809.48	\$ 45,158.28	\$ 63,967.76
Loup	\$ 13,669.68	\$ 35,024.14	\$ 48,693.82
Madison	\$ 952,612.47	\$ 50,070.60	\$ 1,002,683.07
McPherson	\$ 9,186.02	\$ 51,332.66	\$ 60,518.68
Merrick	\$ 126,089.10	\$ 38,311.96	\$ 164,401.06
Morrill	\$ 128,494.97	\$ 91,060.50	\$ 219,555.47
Nance	\$ 107,170.27	\$ 0.00	\$ 107,170.27
Nemaha	\$ 138,774.57	\$ 614.52	\$ 139,389.09
Nuckolls	\$ 138,337.13	\$ 4,973.74	\$ 143,310.87
Otoe	\$ 368,971.93	\$ 3,415.12	\$ 372,387.05
Pawnee	\$ 55,334.86	\$ 2,033.82	\$ 57,368.68
Perkins	\$ 59,490.44	\$ 152,260.04	\$ 211,750.48
Phelps	\$ 166,551.35	\$ 17,617.60	\$ 184,168.95
Pierce	\$ 179,346.16	\$ 80,378.44	\$ 259,724.60
Platte	\$ 698,465.83	\$ 9,761.52	\$ 708,227.35
Polk	\$ 164,145.48	\$ 26,019.20	\$ 190,164.68
Red Willow	\$ 306,310.13	\$ 66,396.60	\$ 372,706.73
Richardson	\$ 186,235.68	\$ 4,731.56	\$ 190,967.24
Rock	\$ 25,261.56	\$ 129,585.22	\$ 154,846.78
Saline	\$ 342,507.44	\$ 1,998.76	\$ 344,506.20
Sarpy	\$ 2,583,569.03	\$ 5,717.08	\$ 2,589,286.11
Saunders	\$ 410,965.19	\$ 0.00	\$ 410,965.19
Scotts Bluff	\$ 775,890.89	\$ 21,049.80	\$ 796,940.69
Seward	\$ 381,766.75	\$ 6,933.50	\$ 388,700.25
Sheridan	\$ 115,044.00	\$ 195,883.16	\$ 310,927.16
Sherman	\$ 57,084.57	\$ 48,013.74	\$ 105,098.31
Sioux	\$ 11,919.96	\$ 111,076.92	\$ 122,996.88
Stanton	\$ 56,319.07	\$ 5,036.98	\$ 61,356.05
Thayer	\$ 110,232.27	\$ 7,709.12	\$ 117,941.39
Thomas	\$ 10,388.95	\$ 36,853.20	\$ 47,242.15
Thurston	\$ 199,467.93	\$ 0.00	\$ 199,467.93
Valley	\$ 87,595.29	\$ 18,531.14	\$ 106,126.43
Washington	\$ 451,099.35	\$ 30,118.28	\$ 481,217.63
Wayne	\$ 181,095.89	\$ 0.00	\$ 181,095.89
Webster	\$ 63,317.95	\$ 13,635.04	\$ 76,952.99
Wheeler	\$ 18,918.83	\$ 84,194.94	\$ 103,113.77
York	\$ 245,944.84	\$ 16,558.06	\$ 262,502.90
Total	\$ 38,036,916.07	\$ 5,941,209.60	\$ 43,978,125.67

(1) Information compiled from 2007 Calendar Year Distribution Report furnished by the Nebraska Department of Education (2006 calendar year net income). The 2007 distribution included a one-time deposit of \$8,279,802.26 of interest income accumulated in the short term investment pool (OIP) from 1997 through 2006.

(2) Real Estate Taxes levied in 2006 and payable during calendar year 2007.

**SUMMARY OF EDUCATIONAL TRUST LANDS**

**As of June 30, 2007**

	<b>ACRES ACQUIRED (1)</b>	<b>ACRES DEEDED (2)</b>	<b>SURFACE ACRES LEASED (3)</b>	<b>APPRAISED VALUATION (4)</b>	<b>AGRICULTURAL RENTAL</b>
Common School.....	2,863,376.220	1,551,188.296	1,312,187.924	\$ 544,893,990.00	\$ 21,795,759.60
Saline.....	32,789.220	32,527.430	261.790	377,240.00	15,089.60
<b>Total K-12 School Trust Lands.....</b>	<b>2,896,165.440</b>	<b>1,583,715.726</b>	<b>1,312,449.714</b>	<b>\$ 545,271,230.00</b>	<b>\$ 21,810,849.20</b>
University.....	45,463.270	39,290.033	6,173.237	\$ 4,305,423.50	\$ 172,216.94
Ag. College.....	89,140.210	85,326.030	3,814.180	3,469,646.50	138,785.86
Normal (State College).....	12,804.800	12,729.970	74.830	130,857.50	5,234.30
Other.....	-	-	101.350	19,784.50	791.38
<b>Total All Other Educational Trust Lands.....</b>	<b>147,408.280</b>	<b>137,244.683</b>	<b>10,163.597</b>	<b>\$ 7,925,712.00</b>	<b>\$ 317,028.48</b>

(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 15.

**EDUCATIONAL TRUST LANDS BY COUNTY**  
**Common and Saline Lands (K-12)**  
**As of June 30, 2007**

<b>COUNTY</b>	<b>ACRES ACQUIRED (1)</b>	<b>ACRES DEEDED (2)</b>	<b>SURFACE ACRES LEASED (3)</b>	<b>APPRAISED VALUATION (4)</b>	<b>NUMBER OF AGRICULTURAL LEASES</b>
Adams .....	20,880.080	19,535.080	1,345.000	\$ 1,946,118.50	9
Antelope.....	31,400.000	20,062.860	11,337.140	13,132,226.00	55
Arthur.....	27,311.980	4,017.145	23,294.835	5,207,049.50	37
Banner.....	26,930.510	3,439.990	23,490.520	5,953,625.50	41
Blaine.....	25,628.020	3,694.800	21,933.220	6,577,820.00	45
Boone.....	23,675.280	21,076.030	2,599.250	1,263,767.50	8
Box Butte.....	40,963.930	8,832.050	32,131.880	15,776,407.00	66
Boyd.....	22,664.500	11,980.660	10,683.840	5,590,295.50	61
Brown.....	47,741.830	9,317.590	38,424.240	16,095,022.50	68
Buffalo.....	30,894.620	23,697.280	7,197.340	5,086,527.00	30
Burt.....	18,225.550	17,564.290	661.260	1,643,409.50	6
Butler.....	21,699.630	21,219.630	480.000	814,073.00	3
Cass.....	19,733.980	19,653.980	80.000	131,670.00	2
Cedar.....	27,044.360	26,404.360	640.000	816,931.50	4
Chase.....	33,280.000	7,116.550	26,163.450	18,629,661.50	65
Cherry.....	274,626.320	89,268.493	185,357.827	48,418,983.00	307
Cheyenne.....	44,507.500	5,566.252	38,941.248	21,505,675.50	83
Clay.....	21,240.000	21,160.000	80.000	52,772.50	1
Colfax.....	14,463.510	14,463.510	0.000	0.00	0
Cuming.....	20,324.700	20,116.740	207.960	446,186.00	1
Custer.....	92,658.160	44,395.230	48,262.930	26,027,023.50	134
Dakota.....	7,255.960	6,602.690	653.270	1,413,608.00	4
Dawes.....	51,973.900	11,768.340	40,205.560	7,999,273.50	80
Dawson.....	36,725.000	29,410.214	7,314.786	5,538,551.00	21
Deuel.....	16,800.700	4,294.540	12,506.160	7,031,434.50	35
Dixon.....	17,029.280	15,158.900	1,870.380	2,979,001.00	12
Dodge.....	18,560.930	18,560.930	0.000	0.00	0
Douglas.....	9,320.550	9,178.940	141.610	383,498.50	3
Dundy.....	33,307.410	6,346.520	26,960.890	12,523,521.50	49
Fillmore.....	20,648.510	20,648.510	0.000	0.00	0
Franklin.....	20,471.850	14,658.870	5,812.980	4,257,670.00	24
Frontier.....	34,560.000	16,998.840	17,561.160	8,780,235.50	49
Furnas.....	25,599.680	13,273.120	12,326.560	7,719,255.00	40
Gage.....	24,637.310	24,437.310	200.000	274,585.50	2
Garden.....	64,221.410	21,903.610	42,317.800	11,619,251.50	81
Garfield.....	20,480.000	5,278.870	15,201.130	5,800,347.50	34
Gosper.....	16,640.000	13,813.620	2,826.380	1,454,867.00	7
Grant.....	30,565.440	18,535.450	12,029.990	2,582,397.50	25
Greeley.....	20,475.300	13,235.300	7,240.000	3,657,786.00	24
Hall.....	19,604.520	17,692.570	1,911.950	2,342,094.50	14
Hamilton.....	20,487.700	20,487.700	0.000	0.00	0
Harlan.....	20,364.600	15,910.830	4,453.770	2,885,929.50	18
Hayes.....	26,160.000	6,737.580	19,422.420	9,032,646.00	54
Hitchcock.....	25,460.910	4,437.926	21,022.984	10,904,122.50	56
Holt.....	87,696.600	23,016.086	64,680.514	37,995,622.00	184
Hooker.....	28,626.050	13,789.300	14,836.750	2,947,460.50	21
Howard.....	23,036.780	19,138.660	3,898.120	2,881,625.50	16
Jefferson.....	20,484.080	19,044.080	1,440.000	1,265,232.50	12
Johnson.....	13,480.000	13,104.840	375.160	331,355.00	7
Kearney.....	18,758.060	15,302.090	3,455.970	4,483,787.50	9
Keith.....	46,542.710	14,840.183	31,702.527	15,909,901.00	76
Keya Paha.....	26,394.490	4,831.140	21,563.350	8,700,450.00	49
Kimball.....	36,561.000	3,733.550	32,827.450	10,635,649.00	62
Knox.....	43,533.810	31,285.640	12,248.170	5,463,443.50	54
Lancaster.....	31,973.850	31,676.410	297.440	448,241.50	3
Lancaster (Saline).....	32,789.220	32,527.430	261.790	377,240.00	4
Lincoln.....	100,210.660	39,325.037	60,885.623	21,928,074.00	123
Logan.....	20,480.000	8,235.320	12,244.680	4,523,384.50	23
Loup.....	20,393.280	9,108.520	11,284.760	3,654,473.00	23
Madison.....	24,626.970	22,523.094	2,103.876	3,585,924.50	14
McPherson.....	32,361.410	11,098.290	21,263.120	4,749,666.00	36
Merrick.....	14,976.210	12,589.800	2,386.410	4,217,474.50	15
Morrill.....	62,315.930	30,532.629	31,783.301	9,250,699.00	61
Nance.....	0.000	0.000	0.000	0.00	0
Nemaha.....	11,993.240	11,884.660	108.580	79,950.00	2
Nuckolls.....	21,049.610	20,577.230	472.380	349,629.00	5

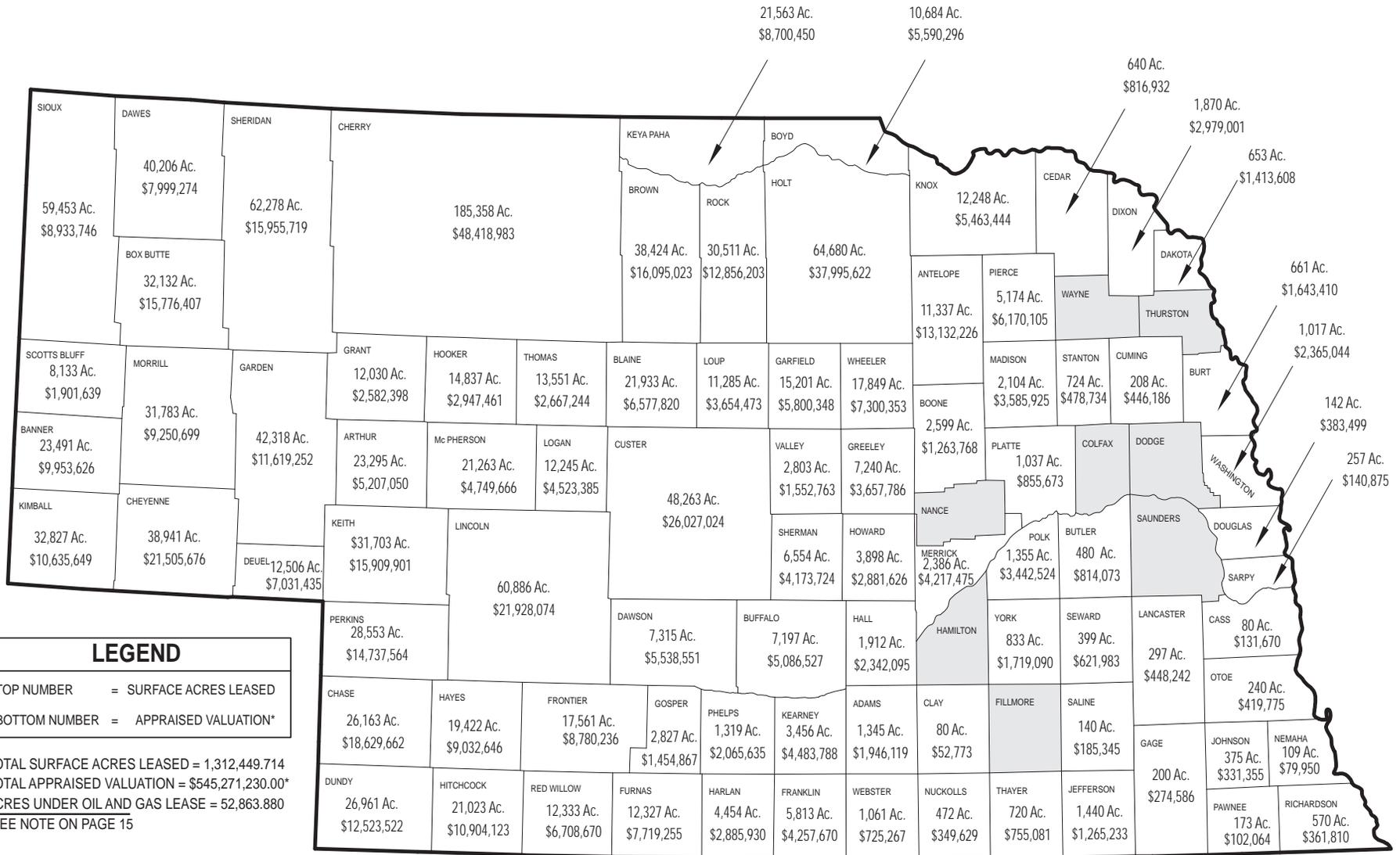
**EDUCATIONAL TRUST LANDS BY COUNTY**  
**Common and Saline Lands (K-12)**  
**As of June 30, 2007**

<b>COUNTY</b>	<b>ACRES ACQUIRED (1)</b>	<b>ACRES DEEDED (2)</b>	<b>SURFACE ACRES LEASED (3)</b>	<b>APPRAISED VALUATION (4)</b>	<b>NUMBER OF AGRICULTURAL LEASES</b>
Otoe.....	21,992.560	21,752.560	240.000	419,775.00	3
Pawnee.....	20,128.960	19,955.850	173.110	102,064.00	3
Perkins.....	31,892.830	3,339.874	28,552.956	14,737,563.50	59
Phelps.....	20,388.030	19,068.600	1,319.430	2,065,635.00	6
Pierce.....	20,480.000	15,306.240	5,173.760	6,170,105.00	20
Platte.....	23,655.480	22,618.900	1,036.580	855,673.00	7
Polk.....	17,432.560	16,077.200	1,355.360	3,442,524.00	6
Red Willow.....	25,408.710	13,075.616	12,333.094	6,708,670.00	35
Richardson.....	10,400.000	9,830.000	570.000	361,810.00	4
Rock.....	41,439.690	10,928.830	30,510.860	12,856,202.50	67
Saline.....	20,620.000	20,480.000	140.000	185,345.00	3
Sarpy.....	8,994.920	8,737.450	257.470	140,875.00	6
Saunders.....	26,323.880	26,323.880	0.000	0.00	0
Scotts Bluff.....	25,524.140	17,390.760	8,133.380	1,901,639.00	20
Seward.....	21,203.950	20,805.290	398.660	621,983.00	3
Sheridan.....	95,765.150	33,486.970	62,278.180	15,955,718.50	128
Sherman.....	20,453.780	13,899.630	6,554.150	4,173,724.00	27
Sioux.....	80,967.440	21,514.821	59,452.619	8,933,745.50	109
Stanton.....	15,444.290	14,720.000	724.290	478,734.00	3
Thayer.....	20,472.350	19,752.350	720.000	755,081.00	5
Thomas.....	29,338.040	15,787.442	13,550.598	2,667,244.00	25
Thurston.....	0.000	0.000	0.000	0.00	0
Valley.....	20,704.750	17,901.760	2,802.990	1,552,762.50	10
Washington.....	13,783.350	12,766.110	1,017.240	2,365,044.00	10
Wayne.....	15,360.000	15,360.000	0.000	0.00	0
Webster.....	20,861.200	19,800.000	1,061.200	725,266.50	9
Wheeler.....	21,120.000	3,271.294	17,848.706	7,300,352.50	39
York.....	20,480.000	19,646.610	833.390	1,719,090.00	9
Total K-12 School	<u>2,896,165.440</u>	<u>1,583,715.726</u>	<u>1,312,449.714</u>	<u>\$ 545,271,230.00</u>	<u>3,073</u>

**University, Agricultural College and Normal School (State College) Lands**  
**As of June 30, 2007**

<b>COUNTY</b>	<b>ACRES ACQUIRED (1)</b>	<b>ACRES DEEDED (2)</b>	<b>SURFACE ACRES LEASED (3)</b>	<b>APPRAISED VALUATION (4)</b>	<b>NUMBER OF AGRICULTURAL LEASES</b>
Antelope (Uni).....	1,600.000	1,407.050	192.950	\$ 154,454.00	1
Burt (Ag).....	640.000	640.000	0.000	0.00	0
Cedar (Ag).....	25,405.470	24,431.630	973.840	1,292,461.50	7
Cedar (Uni).....	1,920.000	1,605.703	314.297	352,601.00	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	19,784.50	1
Dixon (Ag).....	2,240.000	2,200.000	40.000	104,325.00	1
Dixon (Uni).....	640.000	640.000	0.000	0.00	0
Holt (Uni).....	8,322.100	4,420.460	3,901.640	2,443,227.00	25
Knox (Ag).....	33,491.200	31,207.590	2,283.610	1,003,083.00	8
Knox (Uni).....	4,480.000	3,969.610	510.390	275,394.50	4
Lancaster (Normal).....	12,804.800	12,729.970	74.830	130,857.50	1
Madison (Uni).....	2,240.000	2,080.000	160.000	311,544.00	1
Nuckolls (Uni).....	4,940.020	4,764.580	175.440	101,890.00	1
Pierce (Ag).....	10,114.560	9,597.830	516.730	1,069,777.00	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	666,313.00	7
Total All Other					
Educational Trust Lands	<u>147,408.280</u>	<u>137,346.033</u>	<u>10,163.597</u>	<u>\$ 7,925,712.00</u>	<u>62</u>

**Notes (1), (2), (3) and (4): See pages 11 and 15.**



**LEGEND**

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

TOTAL SURFACE ACRES LEASED = 1,312,449.714  
 TOTAL APPRAISED VALUATION = \$545,271,230.00\*  
 ACRES UNDER OIL AND GAS LEASE = 52,863.880  
 \*SEE NOTE ON PAGE 15

# MAP OF K-12 SCHOOL TRUST LANDS

As of June 30, 2007

## 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 \$23.5 million and a rate of 4% is chosen, the resulting value will be \$587.5 million. Similarly, a rate of 5% applied to rental of \$23.5 million will yield a value of \$470.0 million, and a rate of 6% used for the same \$23.5 million rent will result in a value of \$391.7 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 \$517.4 million for 1.340 million acres as of June 30, 2006, and \$579.9 million for 1.312 million acres as of June 30, 2007. By comparison, the total agricultural rent established by the Board for that land was approximately \$21.9 million effective January 1, 2007, and will be approximately \$23.5 million effective January 1, 2008. These numbers, of course, yield actual agricultural rent to value ratios between 4.05% and 4.23%.

## SUMMARY OF K-12 SCHOOL TRUST LAND SALES DURING FISCAL YEAR 2006-2007

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	11	S½SE¼, SW¼, SW¼NW¼, E½NW¼ and NE¼	16-T30N-R25W	Pasture	520.00	520.00				\$241,800	\$275,500	\$33,700
Cherry	36	All	16-T30N-R26W	Grassland	640.00	640.00				\$263,100	\$263,100	
Cherry	40	All	16-T32N-R26W	Grassland	640.00	640.00				\$260,900	\$260,900	
Cherry	56	All	08-T30N-R27W	Pasture	640.00	640.00				\$196,300	\$196,300	
Cherry	57	All	36-T30N-R27W	Pasture	640.00	640.00				\$285,400	\$285,400	
Cherry	146 & 147	SE¼SE¼ of Section 21; NE¼ of Section 28	All in T32N-R30W	Timbered pasture with 0.5 miles of the Snake River	200.00				200.00	\$1,100,000	\$1,100,000	
Cherry	293	E½, SW¼NW¼ and S½SW¼	36-T28N-R36W	Grassland	440.00	440.00				\$128,600	\$128,600	
Cherry	344	NE¼	13-T27N-R38W	Grassland	160.00	160.00				\$32,500	\$32,500	
Custer	104	All that part of the S½ lying south of the county road	36-T15N-R25W	Dryland cropland and grassland	155.27					\$68,900	\$68,900	
Custer	104	The surveyed farmstead and improvement site lying north of the county road in the E½	36-T15N-R25W	Farmstead and improvement site	61.84					\$43,800	\$43,800	
Dundy	5	All except and subject to the public road ROW of approximately 5.72 acres along the south line thereof	16-T03N-R36W	Pasture	634.28	630.28			4.00	\$245,400	\$245,400	
Grant	23	All	36-T23N-R37W	Grassland	640.00	640.00				\$134,400	\$134,400	
Hooker	25	N½	16-T21N-R34W	Grassland	320.00	318.00			2.00	\$63,300	\$63,300	
Hooker	25	S½	16-T21N-R34W	Grassland	320.00	318.00			2.00	\$66,300	\$66,300	
McPherson	3	E½	16-T18N-R30S	Pasture	320.00	320.00				\$87,300	\$189,000	\$101,700
Perkins	19	All	16-T11N-R37W	Dryland cropland and pasture	659.20	334.08	302.62		22.50	\$253,000	\$253,000	
Rock	3	W½	16-T26N-R17W	Pasture	320.00	320.00				\$133,500	\$158,000	\$24,500
Sheridan	142	All	36-T31N-R46W	All	640.00	179.00	445.00		16.00	\$240,000	\$240,000	
Sioux	67	All	36-T29N-R55W	Grassland	640.00	640.00				\$107,200	\$107,200	
<b>19 Total Parcels Sold during Fiscal Year 2006-2007</b>					<b>8,590.59</b>	<b>7,379.36</b>	<b>747.62</b>	<b>0.00</b>	<b>246.50</b>	<b>\$3,951,700</b>	<b>\$4,111,600</b>	<b>\$159,900 (4.31%)</b>

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 two land sale requests denied by the Board to be reported pursuant to the last sentence of the second paragraph of Section 72-258. These both involved the same parcel.

During Fiscal Year 2006-07, the Board denied requests that Section 16-T03N-R36W, Dundy County, be offered at public auction for \$177,598 and \$190,284. This is a grass parcel with public roads on the south and east sides, used exclusively for grazing livestock, located approximately 7 miles north of Max in eastern Dundy County.

Thereafter, also during Fiscal Year 2006-07, the Board sold all of Section 16-T03N-R36W, Dundy County, except and subject to the public road right-of-way of approximately 5.72 acres (634.28 net acres) at public auction for \$245,400.

**OIL AND GAS LEASES BY COUNTY**  
**K-12 School Trust Lands**  
**As of June 30, 2007**

<b>COUNTY</b>	<b>NUMBER OF LEASES</b>	<b>NUMBER OF ACRES UNDER LEASE</b>
Banner .....	15	3,800.000
Chase .....	22	13,960.000
Cheyenne .....	21	11,483.700
Dawes .....	9	5,680.000
Deuel .....	8	5,115.000
Dundy .....	28	15,674.940
Furnas .....	2	1,200.000
Garden .....	8	5,120.000
Hayes .....	5	2,800.000
Hitchcock .....	24	11,880.180
Keith .....	11	6,720.000
Kimball .....	21	9,480.000
McPherson .....	9	5,760.000
Morrill .....	8	4,520.290
Perkins .....	30	18,359.450
Red Willow .....	6	1,440.000
Scotts Bluff .....	2	640.000
Sheridan .....	39	22,144.140
18 Counties .....	268	145,777.700

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, 2006 through June 30, 2007**

<b>COUNTY</b>	<b>ROYALTIES RECEIVED</b>
Banner .....	\$ 37,043.35
Cheyenne .....	\$ 67,966.46
Dundy .....	\$ 306,807.48
Furnas .....	\$ 15,100.28
Hitchcock .....	\$ 210,184.79
Kimball .....	\$ 248,838.89
Morrill .....	\$ 98,738.54
Red Willow .....	\$ 55,457.86
Scotts Bluff .....	\$ 21,776.17
TOTAL .....	\$ 1,061,913.82

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

**For further information, please visit our websites**

**Board of Educational Lands and Funds**

**[www.belf.state.ne.us](http://www.belf.state.ne.us)**

**Office of the Nebraska State Surveyor**

**[www.sso.state.ne.us](http://www.sso.state.ne.us)**