

WYOMING OFFICE OF STATE LANDS AND INVESTMENTS



Business Plan & Annual Report

2015

TABLE OF CONTENTS

Background	3
Statutory Authority	3
Organization	4
State Trust Land Management and Financial Programs	
Director’s Office	6
Financial Programs and Management Services Division	6
Trust Land Management Division	8
Field Services Division	9
Wyoming State Forestry Division	10
Business Plan	
Mission Statement and Agency Goals	12
2015 Objectives and Performance	13
Budget	19
2015 Fiscal Reports (W.S. 36-3-105)	
Inventory of State Trust Lands	21
Summary of Revenue	22
State Land Revenue by Source	23
Revenue Distribution to Permanent Funds	24
State Loan and Investment Board Program Overview	27
Program Summary – Cities, Towns and Counties	28
Program Summary – Cities, Towns and Counties – County Wide Consensus	29
Program Summary - Transportation Enterprise Account	30
Omnibus Land Income Fund	31

BACKGROUND

The Wyoming State Land Trust consists of three assets: State Trust Land, State Trust Minerals and the State Permanent Land Fund. All three assets derive from those lands granted by the federal government to the State of Wyoming at the time of statehood under various acts of the U.S. Congress and accepted and governed under Article 18 of the Wyoming Constitution. The revenues generated by trust lands and minerals are reserved for the exclusive benefit of the beneficiaries designated in the congressional acts. The beneficiaries are the common (public) schools and certain other designated public institutions in Wyoming such as the Wyoming State Hospital. Though some of the original lands have been sold or exchanged, the state owns approximately 3.5 million surface acres and 3.9 million mineral acres. Approximately 86% of the surface acres and 86% of the mineral acres are managed for the benefit of the public schools. In addition, there are approximately 9,000 acres of non-trust acquired land within the State allocated to various state agencies that benefit specific institutions and the public. Examples of these lands include Boys School, Girls School, Wyoming Training School, Wyoming State Hospital, Ranch A and Beartooth Ranch.

The Wyoming State Constitution and the Wyoming State Legislature direct the Board of Land Commissioners (BLC), consisting of the State’s five elected officials, to manage trust assets for two key purposes consistent with traditional trust principles: (1) long-term growth in value, and (2) optimum, sustainable revenue production. Similar principles guide the allocation of resources and management practices that will preserve and enhance the value of non-trust acquired and institutional lands. As directed by the Wyoming State Legislature, the State Loan and Investment Board (SLIB), consisting of the same five elected officials, manage the permanent land funds in accordance with the State’s Investment Policy. The SLIB also administer various statutorily created grant and loan programs that provide funding and financial assistance in the form of grants and/or loans to cities, towns, counties, and special districts to finance capital construction and other infrastructure projects necessary for the health, safety and general welfare of the residents of Wyoming. The Office of State Lands & Investments (OSLI) is the administrative arm of these Boards and it is the statutory responsibility of the Office of State Lands & Investments to carry out the policy directives and decisions of the Boards.

STATUTORY AUTHORITY

Organic Act, Sec. 14; Act of Admission, Sec. 4 through 14; Wyo. Const. Art. 7, Sec. 2, Sec. 6 through 8, Sec. 18, 19 and 22; Wyo. Const. Art. 18, Sec. 1, 2, 3, 4, 5, 6; W.S. 7-16-202; W.S. 8-4-102; W.S. 9-2-2005 through 2006; W.S. 9-2-2012; W.S. 9-4-305, W.S. 9-4-307 through 311; W.S. 9-4-601 through 607; W.S. 9-4-701, 703, 704 and 708 through 713; W.S. 9-4-801 through 815; W.S. 9-4-1001 through 1003; W.S. 9-12-703; W.S. 9-16-101 through 103; W.S. 10-3-101; W.S. 10-3-601 through 602; W.S. 11-5-101 through 303; W.S. 11-31-131; W.S. 11-34-101 through 305; W.S. 16-1-109 and 110; W.S. 16-1-201 through 207; W.S. 16-1-301 through 308; W.S. 21-15-106 and 111; W.S. 27-14-701 through 704; W.S. 30-5-301 through 305; W.S. 35-11-528 through 532; W.S. 35-11-1201

through 1203; W.S. 36-1-101 through 36-3-111; W.S. 36-5-101 through 36-7-510; W.S. 36-9-101 through 120; W.S. 36-12-102, 106 and 107; W.S. 41-6-203 through 209.

ORGANIZATION

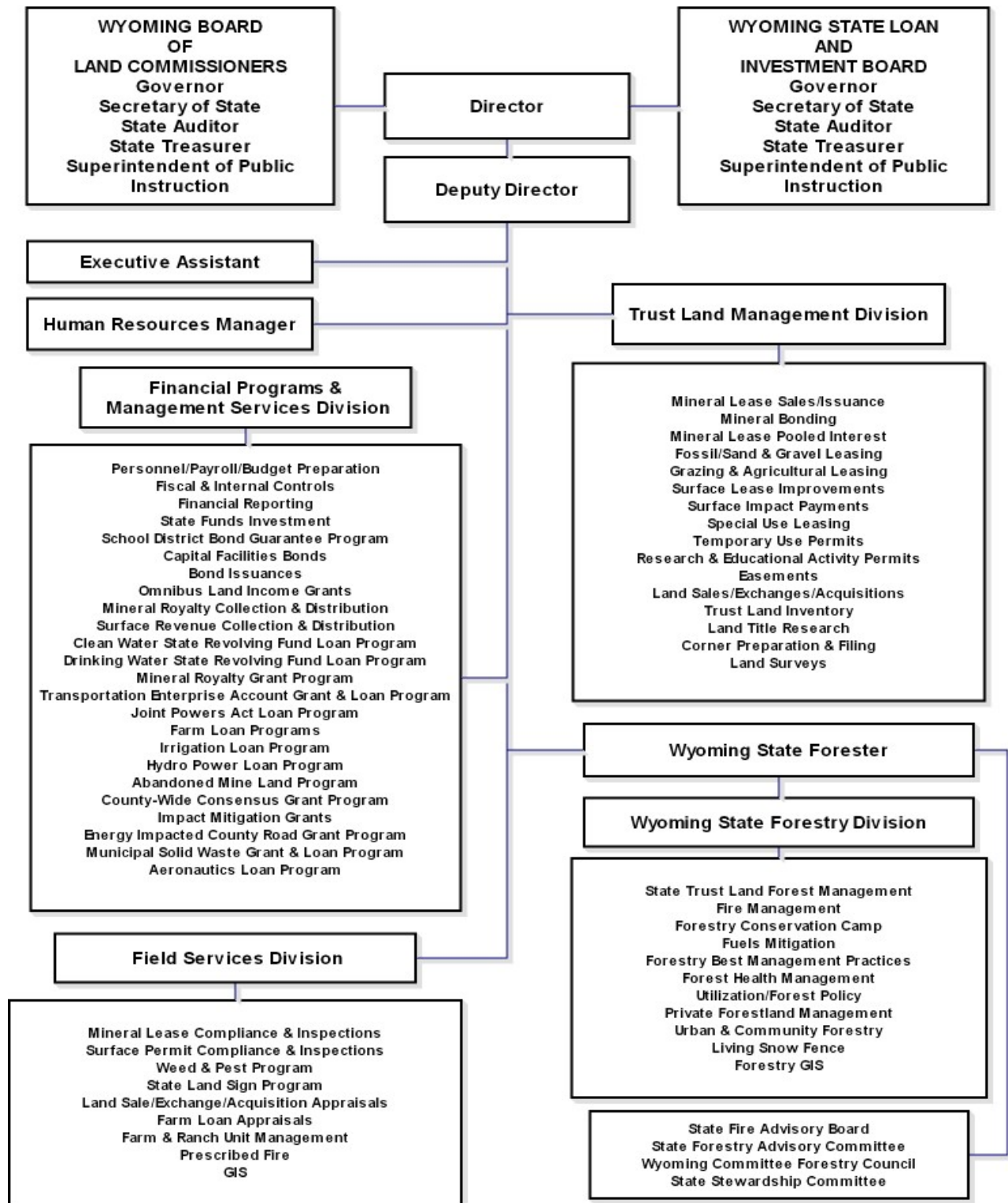
The organizational structure of OSLI consists of the Office of the Director and four divisions: Financial Programs and Management Services, Trust Land Management Division, Field Services Division and Wyoming State Forestry. The Field Services Division has field offices located in Lander, Buffalo and Meeteetse. The Wyoming State Forestry Division has seven district offices located in Newcastle, Buffalo, Riverton, Lyman, Pinedale, Casper and Laramie.

In FY15 the agency was supported by 97 Employees (48 full time, 1 time-limited AWEC and 4 seasonal positions in the Forestry Division and 48 full time positions in the remaining divisions). The table below illustrates OSLI’s staffing levels for prior bienniums.

BIENNIUM	TOTAL AUTHORIZED EMPLOYEES	ACTUAL FULL TIME EMPLOYEES			
		TOTAL	OSLI	FORESTRY	FORESTRY SEASONAL
2015/2016	101	101	48	49*	4
2013/2014	100	96	48	48	4
2011/2012	112	108	57	51	4
2009/2010	112	108	57	51	4
2007/2008	112	108	56	52	4
2005/2006	102	98	50	48	4

* 1 time-limited AWEC Position

**Office of State Lands & Investments
Organizational Chart**



STATE TRUST LAND MANAGEMENT and FINANCIAL PROGRAMS

The day-to-day operations of OSLI are administered by the Director’s Office and the four (4) divisions previously mentioned.

DIRECTOR’S OFFICE

The Director’s Office provides leadership to the agency and facilitates and guides the overall management of state trust lands. Also included in the Director’s Office are those services that provide expertise in the area of human resources and payroll, and administrative support for the agency.

By statute (W.S. 30-5-103), the Director of OSLI is a member of the Wyoming Oil and Gas Conservation Commission (WOGCC). The WOGCC meets monthly to conduct hearings and hear other business related to the Wyoming Conservation Act. The meetings are held at the WOGCC office in Casper, Wyoming. Meetings generally last one day and occasionally it may require two days to complete the business before the Commission. The Governor is the Chairman and customarily designates the Director of OSLI as Acting Chairman.

FINANCIAL PROGRAMS AND MANAGEMENT SERVICES DIVISION

Financial Compliance and Reporting. The staff of the Financial Programs and Management Services Division (Administrative Services Division) assures compliance with financial (fiscal) management directives, policies, procedures, regulations and statutory requirements by providing centralized accounting services to the agency including preparation and submission of the agency biennial budget and performance tracking analysis. Staff is responsible for accurate accounting of revenue generated related to various loan programs, leases, permits, and contract land sales, and ensures timely and accurate revenue distributions to permanent land funds and permanent land income funds.

Mineral Royalty Compliance. The staff of the Mineral Royalty Compliance section assures timely and accurate payment of all mineral royalties in return for the production of State land minerals by others. Staff is responsible for accurate and timely collection of all royalty payments, accurate and timely production and sales reporting, and the judicious distribution of all royalties received to the appropriate beneficiaries’ Permanent Fund accounts.

Mineral Royalty Grant Program (MRG) and County Wide Consensus Program (CWC). The MRG and CWC programs provide funding in the form of grants to Cities, Towns, Counties and Special Districts for the construction of projects necessary for the health, safety and general welfare of the inhabitants of their communities. Staff is responsible for application processing and review, distribution of funding and servicing of outstanding grants.

Aeronautics Loan Program. The Aeronautic Program is a direct loan program to provide assistance to Wyoming municipalities, counties, and joint powers boards. This program provides project funding for the construction, development or improvement of airport facilities. Staff is responsible for application processing and review along with the Wyoming Aeronautics Commission, distribution of funding and the servicing and compliance of outstanding loans.

Hydro-Power Loan Program. The Hydro-Power Program is a loan program to provide assistance to Wyoming municipalities and special districts. This program provides project funding for the purpose of hydro-power development construction projects. Staff is responsible for application processing, review, distribution of funding and the servicing and compliance of outstanding loans.

Municipal Solid Waste Cease & Transfer Program (MSW). The MSW Program is a grant and loan program to provide funding for all cease and transfer activities as provided by W.S. §35-11-528. Staff is responsible for application processing and review along with the Wyoming Department of Environmental Quality-Solid and Hazardous Waste Division, distribution of funding and the servicing and compliance of outstanding grants and/or loans.

Transportation Enterprise Account Grant & Loan Program (TEA). The TEA Program provides funding to public entities to finance investments in transportation projects of benefit to the general public. Staff is responsible for application processing and review, distribution of funding and project monitoring to ensure recapture of unexpended grant dollars.

Joint Powers Act Loan Program (JPA). The JPA Program provides financial assistance for capital construction projects of local governmental entities. Staff is responsible for application processing and review, distribution of funding and servicing of outstanding loans.

Abandoned Mine Land Program (AML). The AML Program provides funding for public facility projects in areas of the state impacted by minerals/mining. Although the Department of Environmental Quality (DEQ) administers this program, pursuant to Executive Order 1997-3, SLIB is the AML advisory board for AML public infrastructure project funding recommendations.

Clean Water State Revolving Fund Account Loan Program (CWSRF). The CWSRF Program provides funding in the form of loans to finance the needs of communities for sewage collection and treatment to eliminate public and environmental health hazards related to discharge of inadequately treated wastewater. Funding provided by the American Reinvestment Recovery Act (ARRA) enabled the program to provide loans under the provisions of “debt forgiveness” and/or “zero percent interest”. Staff is responsible for application processing and review, distribution of funding and servicing of outstanding loans as well as federal and state program compliance reporting.

Drinking Water State Revolving Fund Account Loan Program (DWSRF). The DWSRF Program is a direct loan program to provide assistance to Wyoming municipalities, counties, state agencies, and joint powers boards. This program provides project funding for public drinking water systems. Funding provided by ARRA enabled the program to provide loans under the provisions of “debt forgiveness” and/or “zero percent interest”. Staff is responsible for application processing

and review, distribution of funding and servicing of outstanding loans as well as federal and state program compliance reporting.

Farm Loan Programs, Irrigation Loan Program and Other Wyoming Investments. These programs embrace the original Farm Loan Program established in 1921, Beginning Ag Producer Program, Livestock Loan Program and the Irrigation Loan Program (small water projects). Other programs include the Hot Springs State Park, Hydro Power Loan Program, Aeronautics Commission Program and the Municipal Solid Waste Cease and Transfer Program. These programs provide financial lending opportunities and support to Wyoming agricultural and other interests and secure investment returns on State funds. Staff is responsible for application processing and review, distribution of funding and the servicing and compliance of outstanding loans.

TRUST LAND MANAGEMENT DIVISION

Grazing and Agricultural Lease Program. The primary objective of this program is to ensure optimal management of all state trust resource assets through responsible stewardship to meet the needs of the State’s trust beneficiaries for current and future generations. Staff is responsible for the processing, maintenance and compliance of all grazing and agricultural leases, subleases and assignments. In addition, staff process surface impact payments to insure compliance with the Rules and Regulations of the BLC, and insure collection and distribution of those payments to the appropriate beneficiaries’ Permanent Land fund.

Easement Program. In addition to providing legal authority and recordable easements across state trust lands in accordance with applicable State Statutes and the Rules and Regulations of the BLC, staff review and evaluate all easement applications to insure compliance with established program requirements, consideration is based on current market conditions and to promote sustainability of the State’s long-term trust assets.

Special Use Lease Program. This program is structured to provide long-term economic benefit to the State’s trust beneficiaries through economically competitive commercial, recreational and industrial leases on state trust lands. Staff is responsible for processing surface impact payments to insure compliance with BLC Rules and Regulations, determine if additional permits, easements or leases may be required, research market data relevant to impact payments and insure accurate collection and distribution of payments to the appropriate beneficiaries’ Permanent Land Fund.

Temporary Use Permit Program. This program provides short-term authority and economic benefit to the State’s trust beneficiaries, by permitting uses of state trust lands for a specific purpose for a limited duration, generally five (5) years or less. In addition to insuring permittee compliance with all terms and provisions of the permits including reclamation, staff review applications, consult with other surface users and negotiate the consideration and terms of the permit.

Land Sale, Exchange and Acquisition Program. Through this program, OSLI is able to optimize opportunities that provide a state trust land ownership pattern conducive to efficient resource management, increased land value, increased income generating potential and greater public access. Staff review land transaction proposals, negotiate with proponents relative to potential exchange and/or sales of state trust lands and prepare all necessary documents to initiate and

complete the land exchange/sale process. In addition, staff is responsible for preparing a detailed analysis of relevant criteria in compliance with established program rules and objectives of the BLC, soliciting and analyzing comments from affected parties, conducting public hearings and informational meetings and providing an economic and social impact analysis, all of which are presented to the BLC for discussion and consideration.

Mineral Leasing Program. The goal of this program is to actively manage the State’s mineral estate under both non-operational and operational status, and assure that as much state trust land mineral is under lease as possible. Staff maintains an inventory of lands available for lease and the status of all lands under lease. OSLI staff conduct at least three oral competitive auctions of state oil and gas leases per year, as well as lease minerals over-the-counter on an application received basis. Not only do staff assure lessee compliance with the terms and provisions of the State’s mineral lease, including payments due for the retention of leasehold rights for non-producing lease, they maintain all records related to all conveyances of leasehold mineral interests. They maintain all bond records to ensure adequate security for State assets as well as manage the State’s joinder to multi-owned aggregated acreage plays in development and production scenarios that foster efficient, and fair development to include protecting the correlative rights of all mineral owners.

FIELD SERVICES DIVISION

The Field Services Division (FSD) is integral to OSLI. FSD provide expertise to every program of the Trust Land Management Division as well as the Farm, Irrigation and Other Loan Programs of the Financial Programs and Management Services Division. The primary responsibility of the FSD is to protect the integrity of the physical assets of the State Trust and its beneficiaries.

Grazing and Agricultural Leasing Program. FSD staff inspect state trust lands to determine/verify land type, carrying capacity, and productive capability, changes in land use, proper utilization, public accessibility and lease compliance.

Easement Program. In addition to determining feasibility of applications for new easement construction, FSD staff inspect easements post construction, monitor reclamation and oversee maintenance and abandonment actions to insure program compliance and appropriate surface restoration.

Special Use Leasing Program. Staff review/inspect the location of the proposed facility, prepare an economic analysis to determine the annual rental based on fair market value for the same or similar use of the lands and any improvements owned by the State of Wyoming, conduct five-year rental reviews and ensure lease compliance.

Temporary Use Permit Program. Staff review/inspect the proposed project locations and provide market value determinations, as well as ensure permit compliance.

Land Sale, Exchange and Acquisition Program. FSD staff inspect and appraise land for acquisition or disposal potential and prepare and/or review appraisals to ensure the fair market value of property.

Mineral Program. FSD staff perform on-site lease area and unit area reviews to determine the general surface condition and the surface impacts of production on trust assets under lease, as well as the security of the production handling equipment and the integrity of production measurement tools on site. Staff also insure lessee/operator compliance with statutes and lease contract terms affecting the mineral operations on state trust lands, and whether the then-current level of bonding held on a property provides adequate assurance of reclamation of potential concerns discovered by inspection of the property.

Farm Loan and Irrigation Loan Programs. Staff is responsible for the inspection and appraisal of all property subject to loan.

WYOMING STATE FORESTRY DIVISION

The Wyoming State Forestry Division (WSFD) was officially formed in 1952 by the Legislature. Under state statute, the State Forester is mandated to “have direction of all forest interests and all matters pertaining to forestry within the jurisdiction of the State of Wyoming.” The WSFD fulfills this charge by providing three basic programs to the people of the State: State Trust Land Management, Fire Management, and Assistance Forestry. WSFD is responsible for the direct management of approximately 263,000 acres of forested state trust lands, and fire management on approximately 3.5 million acres of state trust lands.

State Trust Land Management

Forest Management. WSFD staff manage forested state trust lands to protect the long-term trust value through the use of forest management projects (timber sales, thinning, salvage, firewood sales, Christmas tree sales) designed to improve forest health and productivity on state trust lands. They manage these forested lands to provide an even, predictable flow of forest products and product revenue for the trust beneficiaries over the long term in addition to protecting the long-term value of the land.

Fire Management. WSFD staff has the direct responsibility for fire management on all 3.5 million acres of state trust land. Staff is involved in fire management directly and indirectly through training and equipping of rural fire districts and departments. Fire management on state trust lands is, in part, accomplished through the Assistance Forestry Program together with the protection of private lands. The State of Wyoming’s seasonal helitack crew provides rapid initial attack on state, federal and private land fires and assists on other natural disasters/projects, including assisting the federal government if needed when available.

Forestry Conservation Camp. The WSFD utilize inmates to assist in forest management on state trust land as well as fire suppression efforts when necessary.

Assistance Forestry

Urban & Community Forestry. WSFD staff provide technical assistance to Wyoming’s 99 incorporated cities and towns, other communities and the general public to facilitate better-managed community forests and increased environmental, economic and social benefits that community forests deliver.

Private Forestland Management. By placing private forested land under sustainable management systems, WSFD staff provide technical assistance to private landowners that will enhance private forest productivity by reducing threats from insects, disease and fire.

Fire Management. WSFD ensure fire preparedness and training to local fire service entities and inter-agency cooperators to make homes defensible and create fire-adapted communities through wildfire mitigation activities.

Forestry Best Management Practices (BMPs). To protect water resources through sound forest management utilizing audits and training, WSFD staff evaluate on-site implementation of established BMP standards designed to protect soil and water quality during timber harvest operations and educate industry personnel, landowners and resource professionals on the proper implementation of BMP practices.

Fuels Mitigation. WSFD staff assist the public and communities in wildland urban interface to moderate the threat of catastrophic fire through prevention and suppression, hazardous fuels reduction, restoring fire-adapted ecosystems and promoting community assistance.

Living Snow Fence (LSF). The LSF program is a cooperative effort involving WSFD, Wyoming Department of Transportation (WYDOT), Conservation Districts and private landowners. WYDOT provides \$100,000 (state general fund) annually for living snow fence improvements along state maintained highways that includes tree planting to control snow disposition on public travel routes. WSFD administers this program via a Memorandum of Understanding with WYDOT and in consultation with a statewide steering committee comprised of partners and interested parties.

Forest Health Management. WSFD staff administer silvicultural and arboricultural techniques to counteract native and exotic agents-of-change on rural and urban forested properties through a cooperative effort between the WSFD and the United State Forest Service.

Forestry Conservation Camp. This program offers training to inmates while providing assistance with fire management and community projects. WSFD staff train and supervise Department of Correction inmate crews to perform public service project work for other state agencies and local governments, including trash pick-up, tree planting and pruning, painting, general grounds maintenance for parks and public facilities, sign construction, fence installation and maintenance and noxious weed control.

Utilization/Forest Policy. Through this program, landowners, agencies and the forest industry can receive grant funding assistance to be used to and enhance the utilization of small diameter forest products.

BUSINESS PLAN

MISSION STATEMENT

Effectively managing natural resources and funds for current and future generations.

AGENCY GOALS

Optimization and diversification of trust asset revenue:

- effective mineral, agricultural and special use lease compliance, collection and fund distribution functions;
- proactive commercial leasing;
- optimizing benefits gained through easement conveyances, forest product sales and trust land sales, exchanges and acquisitions; and
- effective fire management on trust lands.

Preservation and enhancement of trust asset values for current and future beneficiaries:

- efficient, effective and proactive land management practices, including the pursuit of land sale, acquisition and exchange opportunities that will provide enhanced revenue generation opportunities and access to contiguous land parcels to facilitate efficient trust land management practices;
- adequate inspection, bonding and reclamation programs;
- lease stipulations to protect surface and subsurface resources; and
- the control and eradication of noxious weeds and designated pests.

Forestry assistance:

- provide a combination of technical assistance, training, and support to local governments, cooperating agencies, and citizens through optimum utilization of state funding to leverage federal and local funds to attain sustainable management and protection of the state’s natural resources.

Grant and loan program administration:

- assist the State Loan and Investment Board in optimum utilization of program funding through timely, accurate project eligibility evaluations and analysis to address the specific needs of local communities; and
- explore and utilize opportunities to partner with similar state and/or federal programs to maximize funding availability to benefit local communities.

Data development and data sharing:

- utilize technology and improve systems to monitor all classes of trust assets and administer leases of all types to improve reporting capability for the evaluation of the physical condition, maintenance and productivity of trust assets; and

- coordinate, encourage uniformity, promote data sharing and gain efficiency in the agency’s architecture and standards to ensure compatibility of information technology related projects with other state, federal and local agencies.

2015 OBJECTIVES

- **AWISH (Agency-Wide Integrated System Hub Data Automation Initiative) – Completion/Implementation**
 - **GALS (Grant and Loan System) and Farm Loan Program**

The **Administrative Services Division** will participate in the completion of the remaining loan (Farm Loans, JPA, Special loans, MSW) and grant programs to EnABLE. This includes program analysis, data conversion and testing, concentrating on compliance and reporting issues. The **Field Services Division** will provide appraisals, reviews, guidance and support for the Farm Loan Program and will establish new processes and procedures for the appraisal and review segment of the Farm Loan Program.
 - **LARCS (Leasing and Royalty Compliance System)**

The **Administrative Services Division** will actively participate in the completion of this program through program analysis and testing, concentrating on compliance and reporting issues. The **Field Services Division** will enhance communication and collaboration with surface and subsurface sections of the Trust Land Management Division to ensure agency objectives for LARCS and SLAMS (surface use system) systems are met. The **Trust Land Management Division** will work with Enterprise Technology Services (ETS) to ensure that LARCS is functional in determining the accuracy and timing of receipts for production removed from state lands, and will continue to work with the maintenance contractor to complete processing items which directly affect the status of leaseholds, e.g., suspension of operations, bonding, etc. Mineral leasing-related staff activities will focus on issues related to enhancing bonding, production sharing arrangements, assignments and surface-subsurface staff coordination.
 - **Surface Land Asset Management System (SLAMS) (Surface Use/Permitting/Leasing/Land Record System)**

The **Administrative Services Division** will actively participate in the completion of this system through program analysis and testing focusing on compliance and financial reporting issues. The **Field Services Division** will work progressively with other agency divisions to ensure data conformity, collaboration and usage of the system so that OSLI may deliver clear and concise information to all users. The **Trust Land Management Division** will work with users relative to Total Program Compliance when approving applications/requests for land use actions on state trust lands. The **Wyoming State Forestry Division** will manage certain forest-related activities such as timber sale inspections and sales. Additionally, the Agency’s entire employee time tracking and reporting functions will be managed through this system.

- **GIS (Geographic Information System)**

The **Field Services Division** will collect data and information for improved efficiency and facilitate the consolidation of information between divisions to build a system that provides cooperative data sharing within the agency as well as the public at large. The premise is that any and all information contained in LARCS and SLAMS will be shared/uploaded to the GIS and its application layers. The staff of the **Trust Land Management Division** will continue to contribute input as required from LARCS and SLAMS for the GIS application ability. The **Wyoming State Forestry Division** will establish methods, including appropriate ArcGIS licensing, for capture of data collected statewide and share that data with the agency.

- **Total Program Compliance Initiative (TPC)**

TPC is a communication tool used by the **Administrative Services Division Royalty Compliance Section**, the **Field Services Division** and the **Trust Land Management Division** program managers that conduct business with private industry. The goal of this initiative is to provide a simple and effective way for those managers to review company compliance with all agency programs prior to processing an action with the company. TPC is intended to enhance communication between program staff and industry to identify situations that may be rectified through cooperation. In the upcoming year, the **Field Services Division** will assist in the development of an agency/public collaborative software application with integration of all agency software systems. The **Wyoming State Forestry Division** will review and assess forestry division systems integration with SLAMS for inclusion in the TPC initiative.

- **Bonding – Exposure vs. Dollars Available to Cover Cost**

The **Field Services Division** will work with the **Trust Land Management Division** and the **Administrative Services Division Royalty Compliance Section** to define and develop appropriate processes/procedures for surface and subsurface bonding and compliance, and collaborate with those divisions relative to the integration of the bonding program with other agency software systems. The **Trust Land Management Division Mineral Leasing Section** staff will review the legitimacy of existing bonding to determine the exposure the agency has in terms of wells in place on a by company, by lease basis. The **Trust Land Management Division** will also review the bonding need and agency exposure relative to other surface land uses/permits. The **Administrative Services Division Royalty Compliance Section** will take part in this review to help determine the need for bonding given the monthly royalty obligations of a given company based on the company's compliance experience. The **Wyoming State Forestry Division** will evaluate the effectiveness and value of current forest product sale and service contract performance bonds.

- **Best Management Practices (BMPs)**

The **Field Services Division** will provide the resources and expertise necessary for the development and establishment of the BMP program, and will ensure continued support and use of BMPs to assure a sustainable program that is conducted in a manner that minimizes

harm to trust land while fulfilling our fiduciary responsibility to our beneficiaries. The **Trust Land Management Division** will implement, to the extent possible, BMPs in all future applications. The **Wyoming State Forestry Division** will continue periodic audits of forest product sales and other vegetative treatments on state, federal and private land in cooperation with partners, and will continue to provide leadership in effective implementation of Wyoming’s BMPs as developed in cooperation with the Wyoming Department of Environmental Quality.

- **Budget Management**

The **Administrative Services Division** will provide training and/or assistance to Assistant Directors and staff regarding program guidelines, compliance issues and reporting requirements related to the agency’s federal programs. The division will also provide accurate, comparative and timely budgetary reports to the agency divisions relative to monthly budget projections (available dollars vs. spending trends). The **Trust Land Management Division** staff and the **Field Services Division** staff will regularly review budget reports and evaluate spending trends and available funds, and plan and/or adjust expenditures as appropriate.

- **Rules – Rule Review**

In 2016, **OSLI** will undertake a comprehensive review of the rules for both the **Wyoming Board of Land Commissioners** and the **State Loan and Investment Board**. The review will address the Governor’s initiative to reduce the volume of administrative rules and seek ways to make the rules more user friendly. Additionally, the review will also assess the appropriateness of the rules in terms of the current applicable statutory sections. The review will seek to assure that both the Boards and **OSLI** are carrying out their statutory responsibilities and seeking to achieve the goal of effectively managing the trust for current and future generations.

FY15 PERFORMANCE

- **AWISH (Agency-Wide Integrated System Hub Data Automation Initiative) – Completion/Implementation**
 - **GALS (Grant and Loan System) and Farm Loan Program**

The **Administrative Services Division** completed the process of entering, converting and testing all clean water and drinking water federal loan data into EnAble for use beginning on July 1, 2015.
 - **LARCS (Leasing and Royalty Compliance System)**

The **Administrative Services Division Royalty Compliance Section** continues to work with Gannett Peak on routine maintenance and enhancements to the LARCS system. Bi-monthly meetings are held with the contractor, Gannett Peak, to review any maintenance and enhancement issues and prioritize resolution of those issues.

Two of the five major phases of the enhancement project have been completed, role security and school capital construction distribution.

- **Surface Land Asset Management System (SLAMS) (Surface Use/Permitting/Leasing/Land Record System)**

The **Administrative Services Division** continues to work with the SLAMS system to resolve a balancing issue between the system and the state-wide accounting system. The **Trust Land Management Division** continues to work on data validation as well as identifying opportunities to enhance the system by working with the contractor to implement enhancements as needed. Following the completion of a new Forest Management Plan for State Trust Lands in August 2014, the **Wyoming State Forestry Division** completed its review of timber sale preparation and administration forms and processes. Integrated project management and tracking systems are being pursued, with SLAMS as a potential solution. In 2015, the **Field Services Division**, in collaboration with the **Trust Land Management Division**, continued to enhance and implement procedures by which compliance inspections are requested and completed. Additionally, the **Field Services Division** continued to convert OSLI’s tabular data in BasicGov, Grazing, and SLAMS systems into spatial data in GIS (the foundation of realizing fully integrated data across all agency systems). The development of online applications to provide the tabular data held in all systems for both internal and public use was completed in 2015.

- **GIS (Geographic Information System)**

The Enterprise License Agreement entered into by OSLI has resolved the **Wyoming State Forestry Division’s** ArcGIS licensing issues. **Wyoming State Forestry Division** implemented an ArcGIS Online data-sharing portal for internal use; allowing forestry staff to maintain comprehensive geospatial data for all forest management activities, as well as fire and incident management, and federal equipment inventory. The **Wyoming State Forestry Division** also developed and implemented a mobile data collection program utilizing Collector for ArcGIS. Work on a statewide data collection process is underway with the goal of a seamless process between field data collection, cloud-based GIS and desktop GIS. The process for state land management activities is already being utilized with processes for other programs under development. The **Field Services Division** completed a number of advancements in GIS during 2015. The realization of an Enterprise License Agreement with ESRI (in collaboration with Wyoming Game and Fish Department, Wyoming Department of Environmental Quality, and Wyoming Enterprise Technology Services) resulted in a vast increase in GIS resources available to OSLI, as well as a significant savings in overall cost to both OSLI and the State of Wyoming. The **Field Services Division** completed development of online applications which display the tabular data held across multiple systems in a spatial format. This information is utilized internally, and is published on the OSLI website for public use. OSLI’s public access online map was enhanced by the addition of multiple layers of recreation and hunting data.

- **Total Program Compliance Initiative (TPC)**

The **Administrative Services Division Royalty Compliance Section** uses TPC daily to monitor and record compliance of all companies that are required to report and/or pay royalties to the State of Wyoming. Additionally, the TPC tool is used to report compliance in regard to the receipt of interest, penalty, and minimum annual royalty payments. Companies are notified of non-compliance status via logging into an on-line application which is linked to the TPC tool. The **Trust Land Management Division** continues to work with SLAMS users relative to Total Program Compliance when approving applications/requests for land use actions on state lands. The **Wyoming State Forestry Division** is currently reviewing trust land processes and forms. When this review is complete, a project tracking system will be required to better manage processes. If at all possible, SLAMS will be utilized. During 2015, the **Field Services Division** conducted 488 compliance inspections on state trust lands. The majority of inspections are requested by the **Administrative Services Division Royalty Compliance Section** and the **Trust Land Management Division**, and provide the on-site verification of the collaborative compliance determinations within the TPC.

- **Bonding – Exposure vs. Dollars Available to Cover Cost**

The **Administrative Services Division Royalty Compliance Section** will work with **Trust Land Management Division** during the testing process once the programming code for LARCS has been deployed into the production environment. The **Royalty Compliance Section** will communicate with **Trust Land Management Division** staff when additional bonding may be required as a result of non-compliance by a company. The **Administrative Services Division** also provides monthly bond information to **Trust Land Management Division** staff, including a list of cash bonds on the state wide accounting system and Certificates of Deposit held by the State Treasurer’s Office. The **Trust Land Management Division Mineral Leasing Section** staff continue to review the legitimacy of existing bonding to determine the exposure the agency has in terms of wells in place on a by company, by lease basis and enhance program policies to ensure adequate bonding is in place while providing industry with accurate information regarding their bonding obligations. The **Wyoming State Forestry Division** has determined that bonds for forest product sales are typically sufficient for issues that may arise under those contracts. When additional bonding may be necessary, the amount can be increased via the contract. After consultation with A & I Procurement and the Attorney General’s Office, the **Wyoming State Forestry Division** has determined that performance bonds on service contracts are typically unnecessary and will not normally be collected in the future. In 2015, the **Field Services Division** conducted 302 mineral leasing compliance inspections, 88 of which related directly to bonding on State of Wyoming oil and gas/mineral leases. Those inspections, along with a comprehensive review of all idle oil and gas wells on State Trust Lands (completed by the **Field Services Division** in November of 2015), will result in additional bonding due to OSLL. Additionally, the **Field Services Division** assisted the **Trust Land Management**

Division Mineral Leasing Section in completing the integration of bonding data into the LARCS.

- **Best Management Practices (BMPs)**

The **Wyoming State Forestry Division** conducted BMP audits in 2013 and produced an audit report in 2014. The audits demonstrated solid levels of BMP compliance in terms of utilization and effectiveness. The next audit is expected to occur in 2016.

- **Budget Management**

The **Administrative Services Division** works closely with the various OSLI divisions relative to all federal grants on a monthly basis. This includes expenditure detail, compliance requirements and receipt of federal funds in a timely manner. The **Administrative Services Division** also provides monthly budget reports to the management team. These reports illustrate budget available, actual expenditures, projected expenditures and any projected budget surplus or shortfalls. Per request of the **Trust Land Management Division** Assistant Director, additional detailed analysis are now provided related to specific expenditures (supplies, travel, motor vehicle costs, ETS charges and phone charges) on a monthly basis for review. In 2015, the **Field Services Division** utilized an internal system to track travel expenses in real-time to ensure accurate budget tracking at all times. Additionally, the **Field Services Division** implemented measures to increase the efficiency of travel (i.e. increase the overall number of parcels inspected while decreasing the overall expenditure).

BUDGET

The amount of funding appropriated in the 2015/2016 Biennium Budget for OSLI is \$298,908,324, of which \$210,282,267 is general funds. Of the total agency appropriation, \$260,113,433 is designated for distribution to local governments in the form of grants/loans and other direct distributions and \$11,674,318 is designated for fire. The agency’s net operating budget is \$27,120,573.

Expenditures for FY15 are \$100,950,502 (\$73,311,960 in general funds, \$24,039,362 in federal funds and \$3,599,180 in other funds).

Biennium	Total Budget	General Fund	Grant/Loan Funding	OSLI	WSFD
2015/2016	\$298,908,324	\$210,282,267	\$260,113,433	\$12,461,727	**\$26,333,164
2013/2014	\$323,035,753	\$221,099,493	\$257,091,332	\$12,501,944	* \$53,442,477
2011/2012	\$267,080,943	\$173,939,667	\$225,845,607	\$15,541,688	\$25,693,648
2009/2010	\$470,105,613	\$388,959,944	\$429,801,071	\$16,691,548	\$23,612,994
2007/2008	\$402,561,277	\$325,474,082	\$369,431,440	\$11,498,459	\$21,631,378
2005/2006	\$185,723,864	\$106,564,525	\$160,775,000	\$9,942,317	\$15,006,547

*Includes a 2013 supplemental appropriation for the WSFD in the amount of \$31.2 million to cover the cost of fires.

** \$11,674,318 designated for fire costs.

FISCAL REPORTS
2015
(W.S. 36-3-105)

Inventory of State Trust Lands – Fiscal Year 2015

Land Grant	Acreage Entitlement	Lands Received	Balance of Lands to be Selected to Satisfy Grant	Lands Sold (Contract or Patent)	Misc. Vacant or used by Institutions	Available for Lease
Act of Congress Prior to Act of Admission: 1881, 1888						
University Land	46,080.00	46,079.02	0.98	16,220.99	1.11	29,859.14
Fish Hatchery	5,640.00	5,336.26	303.74	2,655.46		2,680.80
Act of Admission: 1890						
Common School	3,545,182.98	3,544,058.60	1,124.38	492,090.72	648.29	3,052,616.17
Agricultural College	90,000.00	90,000.12	(0.12)	19,141.97		70,858.15
Deaf, Dumb & Blind Asylum	30,000.00	29,999.02	0.98	11,833.56	0.75	18,166.21
Poor Farm	10,000.00	10,727.90	(727.90)	522.88		10,205.02
Penitentiary	30,640.00	30,637.45	2.55	10,379.35		20,258.10
Public Buildings at the Capitol	107,000.00	106,994.44	5.56	30,671.32	123.16	76,446.28
Penal, Reform & Educational Institutions	30,000.00	29,939.93	60.07	14,671.17		15,268.76
Insane Asylum	30,000.00	29,990.06	9.94	1,813.68		28,176.38
Miner's Hospital	30,000.00	29,998.80	1.20	15,099.25		14,899.55
State Charitable, Education, Penal & Reform:						
Soldiers & Sailors Home	30,000.00	30,047.79	(47.79)	7,123.90	0.73	22,924.62
State Law Library	15,000.00	14,967.09	32.91	4,071.50		10,895.59
State Library	15,000.00	14,992.72	7.28	5,191.38		9,801.34
Omnibus	200,000.00	199,979.84	20.16	61,427.95	1,558.19	140,110.08
Subsequent Acts: 1957						
Carey Act	24,007.44	24,007.44		5,195.82	1,196.15	20,007.77
Donation from Petronomics: FY03						
Common School	2,460.09	2,460.09				2,460.09
Land Acquired through Acquisition (Common School):						
Duncan Ranch: FY06	6,439.11	6,439.11				6,439.11
Moriah Ranch: FY12	12,947.00	12,947.00				12,947.00
Sodergreen: FY12	278.26	278.26				278.26
TOTAL	4,260,674.88	4,259,880.94	793.94	698,110.90	3,528.38	3,565,298.42

Office of State Lands and Investments
Summary of Revenues From All Sources
Fiscal Year 2015

State Trust Land Revenue (by source)

Mineral Leasing and Royalty Compliance	\$ 230,240,393	
Real Estate and Leasing	12,736,325	
Timber Sales	327,721	
Other Fees	<u>1,417</u>	
Total Trust Land Revenue		\$ 243,305,856

Revenue from State Loan Programs

Interest Revenue

Farm Loans	\$ 1,100,260	
Irrigation Loans	41,767	
Aeronautics Loans	230,188	
Joint Powers Act Loan (JPA) Loans	292,982	
Hot Springs State Park Loan	<u>1,348</u>	
Total Interest Revenue		\$ 1,666,545

Loan Origination Fees

Farm Loan Loss Reserve	\$ 57,188	
JPA Loan Loss Reserve	<u>28,300</u>	
Total Loan Origination Fees		<u>85,488</u>

Total Revenue **\$ 245,057,889**

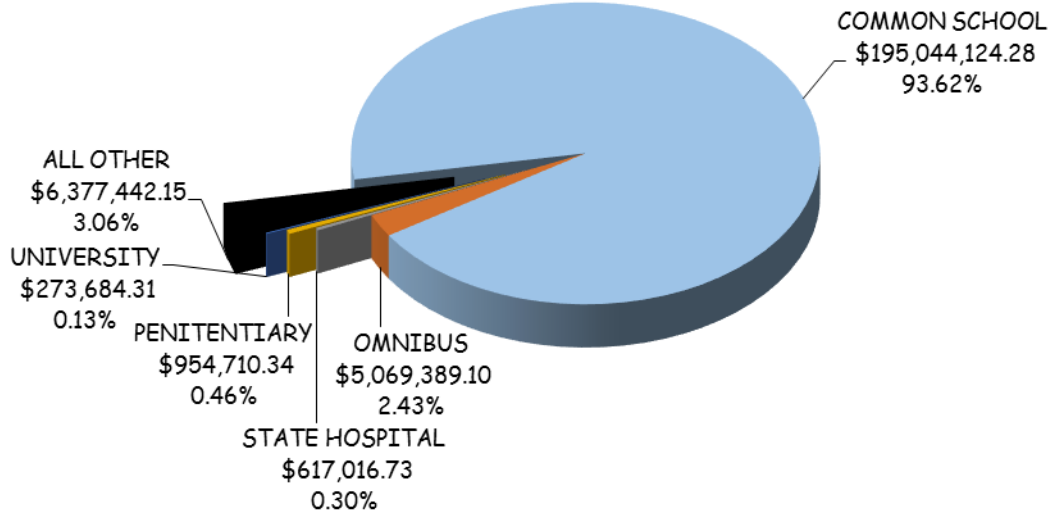
State Land Revenue by Source
Fiscal Year 2015

	Permanent Land Funds	Permanent Land Income Funds	General Fund	School Capital Construction Fund	Total
Oil & Gas	\$ 124,143,403	\$ 15,067,198	\$ 1,225,282	\$ 3,483,926	\$ 143,919,809
Coal	69,218,491	281,400		4,516,074	74,015,965
Grazing Leases		7,295,889	662,032		7,957,921
Sodium & Trona	9,829,665	97,604			9,927,269
Timber Sales		292,327	35,394		327,721
Real Estate Sales	31,546	5,173			36,719
Easements	717,074		345		717,419
Temporary Use Permits		805,363	71,653		877,016
Special Use Permits			138,833		138,833
Bentonite	620,086	96,055			716,141
Sand & Gravel	384,940	1,731			386,671
Surface Damages	3,008,416				3,008,416
Uranium & Misc. Mineral	382,746	320,240	572,970		1,275,956
Total Revenue	\$208,336,367	\$24,262,980	\$32,706,509	\$8,000,000	\$243,305,856

**Revenue Distribution to Permanent Funds
Fiscal Year 2015**

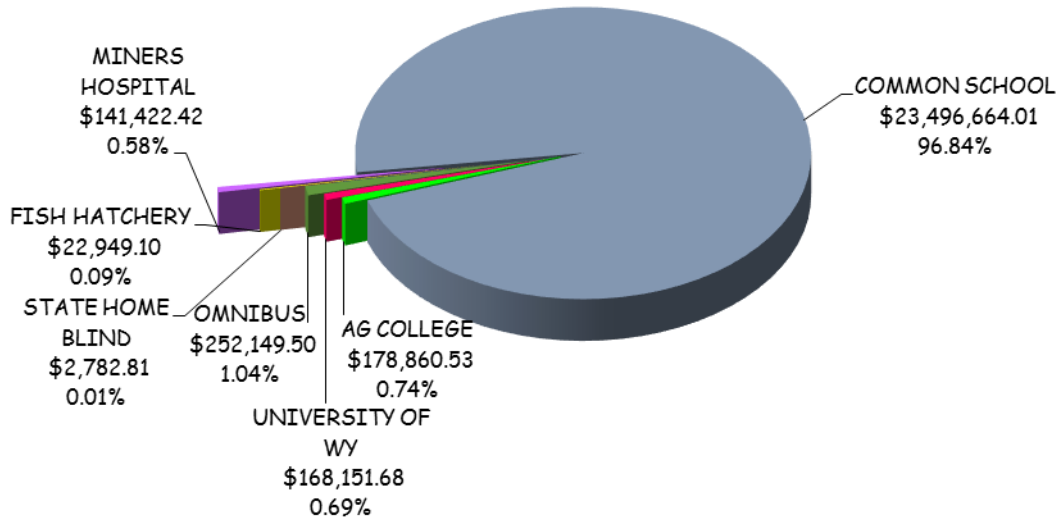
	Permanent Land Funds	Permanent Land Income Funds	Total
Common School	\$199,522,424	\$23,496,663	\$ 220,019,087
AG College	193,519	178,861	372,380
University of Wyoming	120,427	168,152	288,579
State Home for the Blind	245,306	2,783	248,089
Omnibus	3,580,930	252,150	3,833,080
State Hospital	82,276		82,276
Miners Hospital	1,819,043	141,422	1,960,465
Penitentiary	1,461,032		1,461,032
All Other	4,311,410	22,949	4,334,359
Total Revenue	\$208,336,367	\$24,262,980	\$232,599,347

Fiscal Year 2015 \$208,336,367 Distribution to Permanent Funds



Note: Permanent land funds receive income from sale of lands, mineral royalties and any money designated by the Wyoming Constitution or Wyoming Statute (any depletable resource). Permanent funds remain in perpetuity.

**Fiscal Year 2015 \$24,262,980 Trust Land Revenue
Distributions to Permanent Income Funds**



Note: Permanent land income funds receive income from rental and lease of granted lands, from the investment of the corpus of the corresponding permanent land fund and from the investment of the funds in the permanent land income accounts. Income funds may be expended for the establishment, maintenance and support of the institutions to which they are tied. Ag College, University and Common School income accounts can only be expended for those specific institutions. Money in the Common School account is distributed to Wyoming’s school districts via a statutory formula.

STATE LOAN AND INVESTMENT BOARD PROGRAMS
Fiscal Year 2015

LOANS	STATUTORY ALLOTMENT	OUTSTANDING LOANS	LOANS APPROVED NOT CLOSED	FUNDS AVAILABLE
FARM LOAN Chapter 118, 1921 W.S. 11-34-101, et seq.	\$ 192,500,000	\$ 3,848,708	\$ -	\$ 188,651,292
FARM LOAN- BEG.AG.PRODUCER Chapter 34, 2003 W.S. 11-34-117, et seq.	\$ 27,500,000	\$ 21,331,874	\$ -	\$ 6,168,126
FARM LOAN- LIVESTOCK LOANS Chapter 42, 2008 W.S. 11-34-117(j)	\$ 55,000,000	\$ 15,682	\$ -	\$ 54,984,318
IRRIGATION LOAN Chapter 141, 1955 W.S. 11-34-301, et seq.	\$ 20,000,000	\$ 574,616	\$ -	\$ 19,425,384
MUNICIPAL SOLID WASTE CEASE & TRANSFER Chapter 194, 2013 W.S. 35-11-529(b)	\$ 5,591,000	\$ -	\$ 1,297,500	\$ 4,293,500
NATURAL RESOURCE BOARD Chapter 84, 1963 W.S. 11-34-303	\$ 300,000	\$ -	\$ -	\$ 300,000
HOT SPRINGS STATE PARK Chapter 139, 1967 W.S. 36-8-318, et seq.	\$ 2,000,000	\$ 5,461	\$ 172,612	\$ 1,821,927
AERONAUTICS Chapter 138, 2013 W.S. 9-12-703, et seq.	\$ 10,000,000	\$ 4,292,917	\$ -	\$ 5,707,083
JOINT POWERS ACT Chapter 21, 1974 W.S. 16-1-109, et seq.	\$ 60,000,000	\$ 6,445,743	\$ 119,818	\$ 54,434,439
TOTALS	\$ 372,891,000	\$ 36,515,001	\$ 1,589,930	\$ 334,786,069

**Cities, Towns & Counties Capital Construction Account
Mineral Royalty Grant (MRG) Program Summary
Fiscal Year 2015**

Summary of Cash and Estimated Fund Balance

Cash	MRG Fund Beginning Balance July 1, 2014		\$	35,137,429
	BFY 2015/2016 Supplemental Appropriation (2015 Session, Chapter 142)			
				<u>(3,083,422)</u>
	Total Beginning Cash		\$	32,054,007

Revenues

Mineral Royalty/Coal Bonus	\$	13,050,000	
Severance Tax/Coal Bonus		<u>3,611,500</u>	16,661,500

Disbursements - Grant Obligations

BFY 2009/2010 Grants		5,828	
BFY 2011/2012 Grants		487,189	
BFY 2013/2014 Grants		13,669,053	
BFY 2015/2016 Grants		<u>504,300</u>	14,666,370

Disbursements - Other

Administrative Expenses			<u>318,472</u>
-------------------------	--	--	----------------

Cash	Ending Balance June 30, 2015		\$	33,730,665
-------------	-------------------------------------	--	----	-------------------

Add:	Balance of Uncollected Revenue			13,655,078
-------------	---------------------------------------	--	--	------------

Less: Balance of Unspent Obligations and Appropriations

	BFY 15/16 Obligated/Unspent Grants		16,800,552	
	BFY 15/16 Unobligated Grant Funding		12,693,253	
***	All Prior Years		<u>14,256,231</u>	<u>43,750,036</u>

Unobligated & Unappropriated Fund Balance			\$	<u>3,635,707</u>
--	--	--	----	-------------------------

**Cities, Towns & Counties Capital Construction Account
County Wide Consensus (CWC) Grant Program Summary
Fiscal Year 2015**

Summary of Cash and Estimated Fund Balance

Cash	General Fund BFY 2015/2016 CWC Appropriation	\$	70,000,000
	Prior BFY CWC Appropriation Available for Grants		2,369,397
	Prior BFY CWC Grants Obligated		<u>30,414,966</u>
	Total Beginning Cash	\$	102,784,363

Disbursements - Grant Obligations

	BFY 2007/2008 Grants	\$1,028,610	
	BFY 2009/2010 Grants	1,531,071	
	BFY 2011/2012 Grants	1,763,685	
	BFY 2013/2014 Grants	11,454,173	
	BYF 2015/2016 Grants	<u>9,201,148</u>	<u>24,978,687</u>

Cash	Ending Balance June 30, 2015	\$	77,805,676
------	-------------------------------------	-----------	-------------------

Less: Balance of Unspent Obligations and Appropriations

	BFY 15/16 CWC Obligated/Unspent Grants	\$52,157,346
	BFY 15/16 CWC Unobligated Grant Funding	8,641,507
	Prior Chapter 32 Obligated Grants	1,737,608
	Prior Chapter 32 Unobligated Grant Funding	631,789

Prior Year Appropriations Obligated/Unspent

	BFY 2007/2008 Undisbursed CWC Grants **	\$1,300,058	
	BFY 2009/2010 Undisbursed CWC Grants **	2,680,105	
	BFY 2011/2012 Undisbursed CWC Grants	1,925,442	
	BFY 2013/2014 Undisbursed CWC Grants	<u>8,731,821</u>	<u>14,637,426</u>
			\$ 77,805,676

*** Unspent CWC funds in excess of final project cost revert to general fund*

Unobligated & Unappropriated Funding	\$	0
---	-----------	----------

**Transportation Enterprise Account
Summary of Cash Fund Balance
Fiscal Year 2015**

Funding

Cash, Beginning Balance July 1, 2014	\$ 1,816,083
Revenue -	
Interest	564,141
Balance of Uncollected Revenue	247,336
Disbursements -	
Grant Obligations	<u>(588,553)</u>
Ending Cash Balance	2,039,007
Less:	
Balance of Unspent Obligations	(645,298)
Balance of Unobligated Appropriations	<u>(918,635)</u>
Fund Balance June 30, 2015	<u>\$ 475,074</u>

**Omnibus Land Income Fund
Summary of Cash and Fund Balance
Fiscal Year 2015**

Funding:			
	Cash, Beginning Balance July 1, 2014	\$	2,427,228
	Revenue		
	Trust Land Revenue Distribution	\$ 252,150	
	Interest	<u>556,360</u>	
			808,510
	Disbursements		-
	Ending Cash Balance		3,235,738
	Balance of Unspent		
Less:	Commitments	-	<u>-</u>
	Fund Balance June 30, 2015	\$	<u>3,235,738</u>