

WYOMING OFFICE OF STATE LANDS AND INVESTMENTS



Business Plan & Annual Report

2018

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	13
2018 Objectives and Performance	14
Budget	20
2018 Fiscal Reports (W.S. 36-3-105)	
Inventory of State Trust Lands	22
Summary of Revenue	23
State Land Revenue by Source	24
Revenue Distribution to Permanent Funds	25
State Loan and Investment Board Program Overview	28
Program Summary – Cities, Towns and Counties	29
Program Summary – Cities, Towns and Counties – County Wide Consensus	30
Program Summary - Transportation Enterprise Account	31
Omnibus Land Income Fund	32

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.

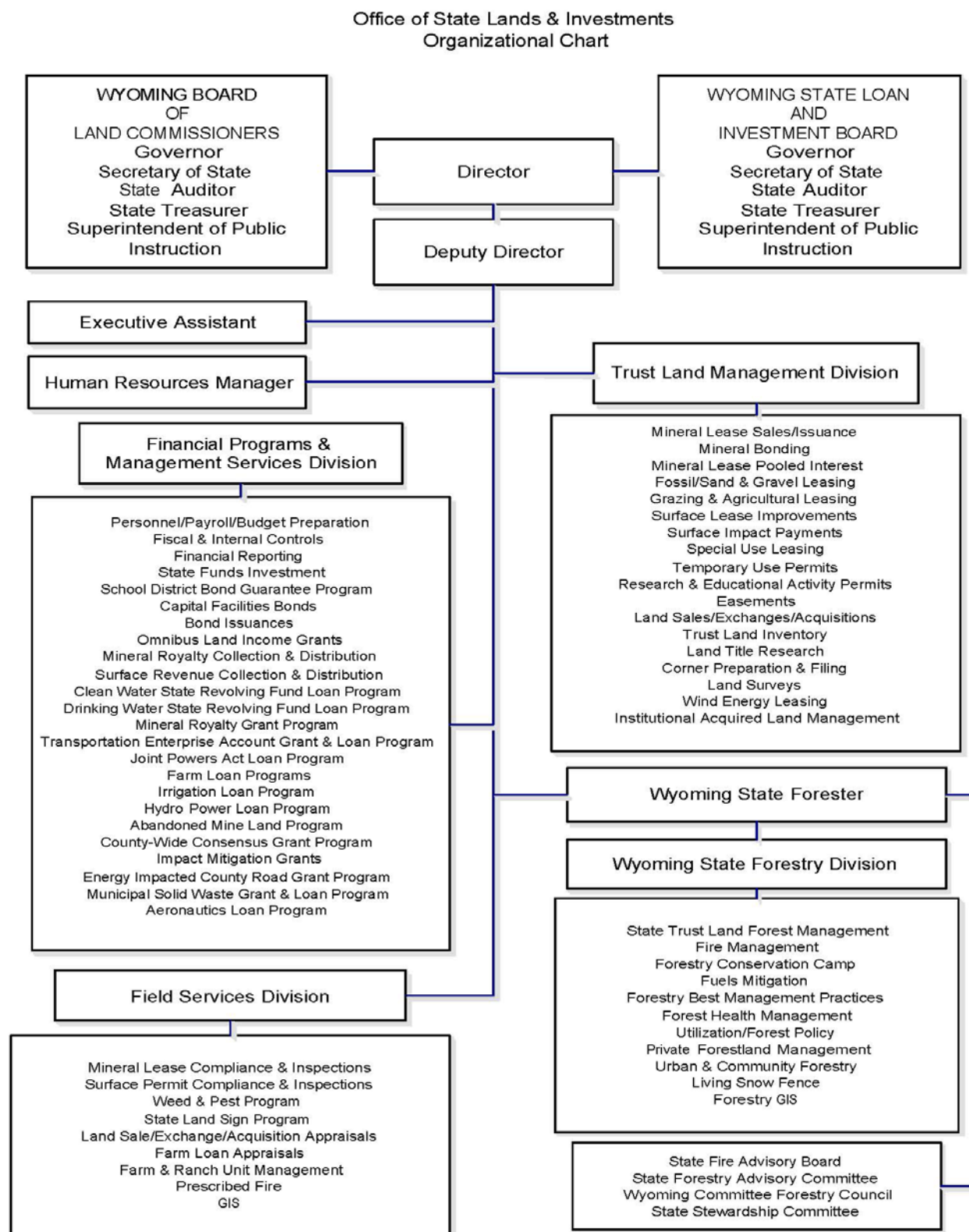
ORGANIZATION

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 the Wyoming State Forestry Division. The Field Services Division has three 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 FY18 the agency was supported by 99 Employees (46 full time, 1 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
2017/2018	99	99	48	47*	4
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



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, and project monitoring to ensure recapture of unexpended grant dollars.

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 Federal Fiscal Year grants, 2010 through 2016, include special program incentives; Green Project Reserve loans at "zero percent interest" and Additional Subsidies in the form of principal forgiveness. During FY17, the CWSRF program incorporated Federal Water Resources Reform and Development (WRRDA) requirements which included expanded eligibility categories, fiscal sustainability plans, additional loan subsidies, affordability criteria and increasing the loan term to the lesser of 30 years or the design life. 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 Federal Fiscal Year grants, 2010 through 2016, include special program incentives; Green Project Reserve loans at "zero percent interest" and Additional Subsidies in the form of principal forgiveness. During FY17, the DWSRF program established a disadvantaged communities program which allow eligible communities a loan term of the lesser of 30 years or the design life. 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.

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. In addition to insuring lessee compliance with all terms and provisions of the special use lease including reclamation, staff review applications, consult with other surface users and negotiate the consideration and terms of the lease.

Surface Impact Payment Program. This program processes all 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, and 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 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 a 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 service 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 cooperates with the Department of Corrections utilize minimum-security inmates from the Newcastle Honor Camp to assist in forest management on state trust land as well as fire suppression and emergency response 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 and Fuels Mitigation. WSFD provides 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. 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.

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. WSFD coordinates routine audits of BMP application and effectiveness across all forested ownerships in the state.

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. The program offers technical assistance to landowners and cooperators, as well as monitoring forest health conditions statewide.

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 receive technical assistance regarding forest product markets, utilization standards, emerging technologies, business development and grant opportunities. Additionally, WSFD reviews and provides input on local, state, regional, and national policy changes that may impact forest landowners and operators in the state; and ensure that the interests of the state are represented at all levels.

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.

2018 OBJECTIVES

- **AWISH (Agency-Wide Integrated System Hub Data Automation Initiative) – Completion/Implementation**
 - **EnAble System**

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 the LARCS maintenance contractor to ensure that LARCS is functional in determining the accuracy and timing of rentals received from mineral leases, and will continue to work to complete processing items which directly affect the status of leaseholds, e.g., suspension of operations, lease term extensions, 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 provide leadership by implementing a governance model for continued useability and sustainability of the system. It will manage all of its surface estate programs and all land ownership data and records through the system with a focus on data accuracy, integrity, and transparency, and ensure proper fund allocation and reporting. It will implement identified enhancements to the system to streamline useability, two-way data integration with LARCS, and develop an off-line module. The **Wyoming State Forestry Division** will utilize SLAMS to manage all forest-related activities such as timber sale inspections, billing, accounting and data; as well as Trust Land Preservation and Enhancement projects, data, and accounting.

- **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 continue to capture and manage resource management data and share such data as appropriate. Together, the divisions within the agency will work towards development of a comprehensive GIS Data Management Plan oriented at reducing duplication, increasing efficiency, and maintaining data quality.

- **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. It will refine the appropriate processes/procedures for surface and subsurface bonding and compliance, and collaborate with other Divisions relative to the integration of the bonding program with other agency software systems. 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 continue to evaluate the effectiveness and value of current forest product sale and service contract performance bonds.

- **Best Management Practices (BMPs)**

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 Forestry 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, **Field Services Division** staff, and **Wyoming State Forestry Division** leadership team will regularly review budget reports and evaluate spending trends and available funds, and plan and/or adjust expenditures as appropriate.

- **Rules – Rule Review**

OSLI will continue its 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.

FY18 PERFORMANCE

- **AWISH (Agency-Wide Integrated System Hub Data Automation Initiative) – Completion/Implementation**

- **EnABLE and Farm Loan Program**

The **Administrative Services Division** works with the Technology Partnership Group, Inc. for routine maintenance for the EnABLE system. Monthly meetings are scheduled with the contractor to review issues that may rise and to prioritize the resolution of those issues.

- **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. Five of seven major phases of the enhancement project have been completed, role security, reconciliation, division of interest, audit and bonding.

- **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 and enhancements to SLAMS. The **Trust Land Management Division** has completed initial development of the system and continues to work on data validation as well as identifying opportunities to enhance the system by working through a governance model. The **Wyoming State Forestry Division** has completed the development of the SLAMS forestry module and has begun migrating project data. The **Field Services Division** completed its first full year of utilizing the new SLAMS inspection module, and realized significant gains in efficiency and their ability to create, track, record, and complete field inspections. As a result, 738 inspections were completed, nearly doubling the previous year's total. Additionally, the **Field Services Division** continued efforts to convert OS LI's tabular data in LARCS, Grazing, and SLAMS systems into spatial data in GIS (the foundation of realizing fully integrated data across all agency systems), and to migrate and validate land data in the SLAMS system.

- **GIS (Geographic Information System)**

The Enterprise License Agreement (ELA) entered into by OS LI has resolved the **Wyoming State Forestry Division's** ArcGIS licensing issues. **Wyoming State Forestry Division continues to** implement 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 continues through incremental implementation, 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** began initial negotiations on the next three-year iteration of the Enterprise License Agreement with ESRI (in collaboration with Wyoming Game and Fish Department, Wyoming Department of Environmental Quality, and Wyoming Homeland Security), including the potential inclusion of several additional state agencies that have expressed interest in realizing the increased resources and significant cost savings available through the ELA. OS LI provides administration and assumes payment responsibilities for the contract, on behalf of the other partner state agencies. The **Field Services Division** continued 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 OS LI website for public use. Additionally, ArcGIS Online resources were developed and deployed for use by field staff, providing improved efficiency in data collection and real-time updates to data, and optimized for use on mobile devices.

- **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, audit findings 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 trust lands. The **Field Services Division** conducted 738 compliance inspections on state trust lands, including those requested by the **Administrative Services Division Royalty Compliance Section** and the **Trust Land Management Division** to provide on-site verification of the collaborative compliance determinations within the TPC.

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

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, through continued evaluation, 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 will be increased via the contract. In 2018, **Wyoming State Forestry Division** restructured internal performance bonding policies and procedures to align with State Statute 36-3-109. Corresponding accounting procedures were also updated accordingly. The **Field Services Division** conducted mineral leasing compliance inspections on over 200 State of Wyoming oil and gas/mineral leases, more than doubling the previous year's total. Those inspections, along with a comprehensive review of all idle oil and gas wells on state trust lands, will result in additional bonding due to OSLI. 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 formal BMP audits in 2016 and produced an audit report in 2017. The audits demonstrated solid levels of BMP compliance in terms of utilization and effectiveness. The next audit is expected to occur in the fall of 2019. As requested by landowners or operators, **Wyoming State Forestry Division** staff performed informal audits as needed in 2018.

- **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. During FY17 as a result of increased reporting functionality from the state wide accounting system, "real time" federal grant expenditure and budget information can be generated as requested in a more user friendly format. 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. 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. The **Field Services Division** utilizes an internal system to track travel expenses in real-time to ensure accurate budget tracking at all times. Additionally, the **Field Services Division** continues to implement measures to increase the efficiency of travel (i.e. increase the overall number of parcels inspected while decreasing the overall expenditure). **Wyoming State Forestry Division** staff monitored budget and expenditures monthly in close coordination with the Administrative Services Division. Additionally, in 2018 **Wyoming State Forestry Division** revised fiscal and budget policies related to the Fire Protection Revolving Account and Emergency Fire Suppression Account to comply with changes made by the Legislature in 2018.

BUDGET

The amount of funding appropriated in the 2017/2018 Biennium Budget for OSLI is \$208,114,452, of which \$23,156,035 is general funds. Of the total agency appropriation, \$174,915,837 is designated for distribution to local governments in the form of grants/loans and other direct distributions and \$10,559,317 is designated for fire. The agency's net operating budget is \$22,639,298.

Expenditures for FY18 are \$106,774,785 (\$11,757,555 in general funds, \$30,744,292 in federal funds and \$64,272,938 in other funds).

Biennium	Total Budget	General Fund	Grant/Loan Funding	OSLI	WSFD
2017/2018	\$208,114,452	***\$23,156,035	\$174,915,837	\$12,008,191	\$21,190,424
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.

*** BYF 17/18: \$105 Million Direct Distributions appropriated from Legislative Stabilization Reserve Account instead of General Fund.

FISCAL REPORTS

2018

(W.S. 36-3-105)

Inventory of State Trust Lands – Fiscal Year 2018

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	29,858.03
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	491,903.58	648.29	3,052,155.02
Agricultural College	90,000.00	90,000.12	(0.12)	18,933.24		71,066.88
Deaf, Dumb & Blind Asylum	30,000.00	29,999.02	0.98	11,730.69	0.75	18,268.33
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	76,323.12
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	22,923.89
State Law Library	15,000.00	14,967.09	32.91	3,284.38		11,682.71
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	61,523.37	1,558.19	138,456.47
Subsequent Acts: 1957						
Carey Act	24,007.44	24,007.44		5,195.82	1,196.15	18,811.62
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	696,920.46	3,528.38	3,562,960.48

**Office of State Lands and Investments
Summary of Revenues From All Sources
Fiscal Year 2018**

State Trust Land Revenue (by source)

Mineral Leasing and		
Royalty Compliance	\$ 196,259,910	
Real Estate and Leasing	17,705,657	
Timber Sales	97,534	
Other Fees	<u>2,524</u>	
Total Trust Land Revenue		\$ 214,065,625

Revenue from State Loan Programs

Interest Revenue

Farm Loans	\$ 702,285	
Irrigation Loans	21,506	
Aeronautics Loans	143,529	
Joint Powers Act		
Loan (JPA) Loans	310,083	
Hot Springs State Park		
Loan	<u>14,447</u>	
Total Interest Revenue		\$ 1,191,850

Loan Origination Fees

Farm Loan Loss Reserve	\$ 11,860	
JPA Loan Loss Reserve	<u>31,490</u>	
Total Loan Origination Fees		<u>43,350</u>

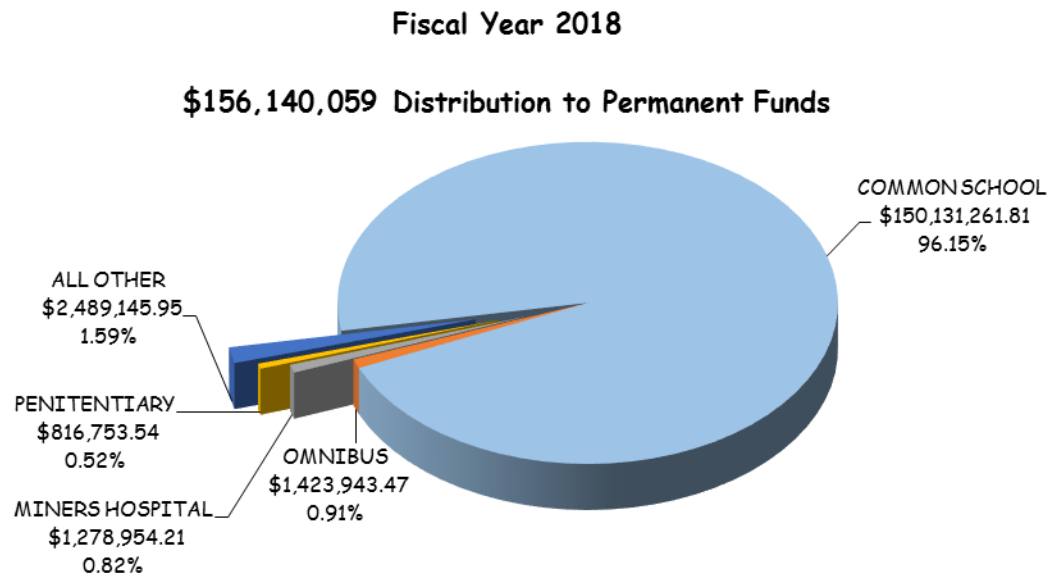
Total Revenue **\$ 215,300,825**

**State Land Revenue by Source
Fiscal Year 2018**

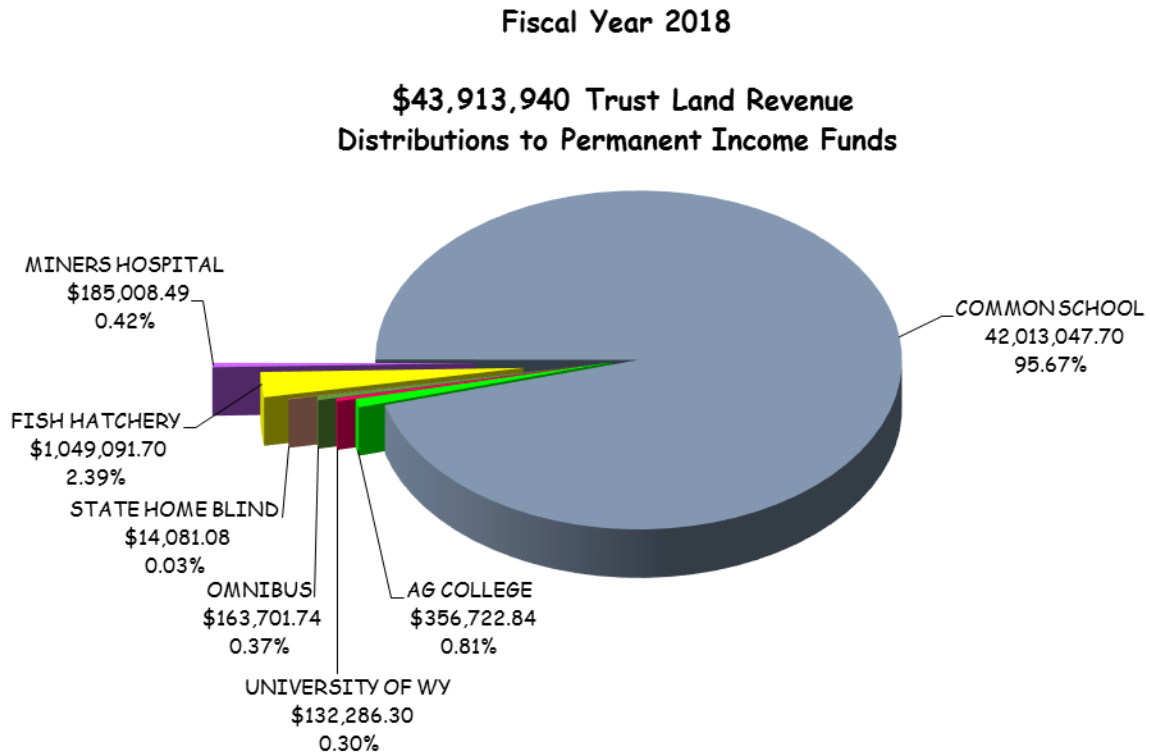
	Permanent Land Funds	Permanent Land Income Funds	General Fund	School Capital Construction Fund	Total
Oil & Gas	\$ 77,331,590	\$32,378,219	\$4,869,170	\$4,458,395	\$119,037,374
Coal	53,393,736	149,430	27,339	2,672,583	56,243,088
Grazing Leases		5,864,975	838,322		6,703,297
Sodium & Trona	17,775,379	101,518		639,391	18,516,288
Timber Sales		94,051	3,483		97,534
Real Estate Sales	1,254,656	3,680			1,258,336
Easements	1,505,341	98,003	19,658		1,623,002
Temporary Use Permits		880,729	45,571		926,300
Special Use Permits		3,924,483	191,384		4,115,867
Bentonite	1,286,003	102,026	4,362	138,969	1,531,360
Sand & Gravel	294,227	44,995	840	67,114	407,176
Surface Damages	3,089,128				3,089,128
Uranium & Misc. Mineral	209,999	271,831	11,497	23,548	516,875
Total Revenue	\$156,140,059	\$43,913,940	\$6,011,626	\$8,000,000	\$214,065,625

**Revenue Distribution to Permanent Funds
Fiscal Year 2018**

	Permanent Land Funds	Permanent Land Income Funds	Total
Common School	\$150,131,261	\$42,013,048	\$192,144,309
AG College	371,450	356,723	728,173
University of Wyoming	120,216	132,286	252,502
State Home for the Blind	123,260	14,081	137,341
Omnibus	1,423,943	163,702	1,587,645
State Hospital	222,849		222,849
Miners Hospital	1,278,954	185,008	1,463,962
Penitentiary	816,754		816,754
All Other	1,651,372	1,049,092	2,700,464
Total Revenue	\$156,140,059	\$43,913,940	\$200,053,999



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



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 account and from the investment of the funds in the permanent land income funds themselves. Income funds may be expended for the establishment, maintenance and support of institutions to which they are tied. Ag College, University and Common School income accounts can only be spent for those specific institutions. Money in Common School account is distributed to school districts by a statutory formula.

STATE LOAN AND INVESTMENT BOARD PROGRAMS
Fiscal Year 2018

LOANS	STATUTORY ALLOTMENT	OUTSTANDING LOANS	LOANS APPROVED NOT CLOSED	FUNDS AVAILABLE
FARM LOAN Chapter 118, 1921 W.S. 11-34-101, et seq.	\$ 165,000,000	\$ 2,179,777	\$ -	\$ 162,820,223
FARM LOAN- BEG.AG.PRODUCER Chapter 34, 2003 W.S. 11-34-117, et seq.	\$ 55,000,000	\$ 18,926,382	\$ 1,151,550	\$ 34,922,068
FARM LOAN- LIVESTOCK LOANS Chapter 42, 2008 W.S. 11-34-117(j)	\$ 55,000,000	\$ -	\$ -	\$ 55,000,000
IRRIGATION LOAN Chapter 141, 1955 W.S. 11-34-301, et seq.	\$ 20,000,000	\$ 378,726	\$ -	\$ 19,621,274
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	\$ 240,591	\$ -	\$ 1,759,409
AERONAUTICS Chapter 138, 2013 W.S. 9-12-703, et seq.	\$ 10,000,000	\$ 2,717,695	\$ -	\$ 7,282,305
HYDRO POWER Chapter 109, 2011, Chapter 110, 2016 W.S. 11-34-306(a)	\$ 10,000,000	\$ -	\$ -	\$ 10,000,000
JOINT POWERS ACT Chapter 21, 1974 W.S. 16-1-109, et seq.	\$ 60,000,000	\$ 7,049,720	\$ -	\$ 52,950,280
TOTALS	\$ 377,300,000	\$ 31,492,891	\$ 1,151,550	\$ 344,655,559

**Cities, Towns & Counties Capital Construction Account
Mineral Royalty Grant (MRG) Program Summary
Fiscal Year 2018**

Summary of Cash and Estimated Fund Balance

Cash	MRG Fund Beginning Balance July 1, 2016	\$	34,525,127
	Less 2016 Session, Chapter 31 (Section 045 footnote 2)		<u>(2,746,091)</u>
	Total Beginning Cash	\$	31,779,036

Revenues

Mineral Royalty	\$	14,850,000	
Coal Bonus		5,625,000	
Severance Tax		<u>7,223,000</u>	27,698,000

Disbursements - Grant Obligations

BFY 2011/2012 Grants	363,244	
BFY 2013/2014 Grants	2,565,590	
BFY 2015/2016 Grants	13,504,145	
BFY 2017/2018 Grants	<u>6,946,152</u>	23,379,131

Disbursements - Other

Administrative Expenses	<u>311,306</u>
-------------------------	----------------

Cash	Ending Balance June 30, 2018	\$	35,786,599
-------------	-------------------------------------	----	------------

Less: Balance of Unspent Obligations and Appropriations

BFY 17/18 Obligated/Unspent Grants	20,517,542	
*** All Prior Years	<u>7,535,745</u>	<u>28,053,287</u>

Unobligated & Unappropriated Fund Balance	\$ <u><u>7,733,312</u></u>
--	-----------------------------------

*Notwithstanding W.S.9-4-601(b), the final payment of all congressionally sequestered monies received by the state from July 1, 2017 through June 30, 2018, from all bonus payment received from federal mineral leases subject to the act of congress of February 25, 1920 (41 Stat. 437, 450; 30 U.S.C §§181, 191), as amended, shall be deposited in the school capital construction account created by W.W. 21-15-111(a)(i).

**Cities, Towns & Counties Capital Construction Account
County Wide Consensus (CWC) Grant Program Summary
Fiscal Year 2018**

Summary of Cash and Estimated Fund Balance

Cash	Prior BFY Carry-Over General Fund Appropriation-CWC	\$	8,978,459
	Prior BFY General Fund CWC Obligated Grants		34,841,286

Total Beginning Cash	\$	43,819,745
-----------------------------	----	------------

Disbursements - Grant Obligations

BFY 2007/2008 Grants	\$279,655	
BFY 2009/2010 Grants	613,201	
BFY 2011/2012 Grants	262,667	
BFY 2013/2014 Grants	1,289,475	
BYF 2015/2016 Grants	<u>22,143,290</u>	<u>24,588,288</u>

Cash	Ending Balance June 30, 2018	\$	19,231,457
-------------	-------------------------------------	----	------------

Less: Balance of Unspent Obligations and Appropriations

Prior BFY Obligated Grants	\$7,935,176
Prior BFY Unobligated Grant Funding	1,043,282

Prior Year Appropriations Obligated/Unspent

BFY 2007/2008 Undisbursed CWC Grants **	\$ 709,105	
BFY 2009/2010 Undisbursed CWC Grants **	825,850	
BFY 2011/2012 Undisbursed CWC Grants	292,068	
BFY 2013/2014 Undisbursed CWC Grants	873,081	
BFY 2015/2016 Undisbursed CWC Grants	<u>7,552,895</u>	<u>10,252,999</u>
		<u>\$ 19,231,457</u>

*** 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 2018**

Funding

Cash, Beginning Balance July 1, 2016	\$ 1,525,447
Less: Change in FY18 Net Undistributed G & L Investments	(118,101)

Revenue -

Interest	965,566
----------	---------

Disbursements -

Grant Obligations	<u>(1,122,822)</u>
-------------------	--------------------

Ending Cash Balance	1,250,090
----------------------------	-----------

Less: Balance of Unspent Obligations	(567,962)
---	-----------

Fund Balance June 30, 2018	<u>\$ 682,128</u>
-----------------------------------	--------------------------

**Omnibus Land Income Fund
Summary of Cash and Fund Balance
Fiscal Year 2018**

Funding:

Cash Beginning Balance July 1, 2016	\$ 4,706,621
Less change in FY17 Net Undistributed G & L Investments	(3,724)

Revenue

Trust Land Revenue Distribution	\$ 163,072	
Interest	<u>556,115</u>	
		719,817

Disbursements	-
----------------------	----------

Fund Balance June 30, 2017	<u><u>\$ 5,422,714</u></u>
-----------------------------------	-----------------------------------