

# STATE OF COLORADO

Governor  
John Hickenlooper

Department of Natural Resources  
Mike King, Executive Director



**Managing  
State Trust Lands  
Since 1876**

**STATE BOARD OF  
LAND COMMISSIONERS**  
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DATE: November 1, 2011

TO: Members of the Joint Budget Committee  
Members of the Senate Education Committee  
Members of the House Education Committee  
Other Interested Persons

FROM: Mike Trevithick, Chief Financial Officer, State Land Board

RE: FY 2010-11 Year-End Income and Inventory Report

Pursuant to Section 36-1-153.5, C.R.S., this memorandum presents the annual Income and Inventory Report for the Colorado State Land Board. The primary focus of the report is to provide a review of over \$122.9 million in income generated by state trust lands in FY 2010-11 and to examine related revenue trends.

## Summary

Table 1 provides a snapshot of revenues for FY 2010-11 and four prior years. The numbers are reflective of an historic revenue year that ended more than \$47 million higher than the next best year on record. The rest of this memo examines the numbers in more detail and identifies some important highlights and trends, including:

- ✓ An extraordinary amount of bonus income from oil and gas auctions in FY 2010-11;
- ✓ Significant growth, over the last decade, in mineral revenues;
- ✓ Decline in agricultural revenues relative to minerals; and
- ✓ Strong growth in revenues other than the bonus over the first half of the decade and the absence of growth in most of those sources over the past five years;

Table 1  
Five-Year Revenue Totals

Income	FY 2006/07 Actual	FY 2007/08 Actual	FY 2008/09 Actual	FY 2009/10 Actual	FY 2010/11 Unaudited Year-End	% Change
Mineral Rental Income	\$ 1,637,513	\$ 2,062,011	\$ 1,768,047	\$ 1,764,030	\$ 2,074,165	118%
Mineral Royalty	43,734,988	47,697,578	55,367,821	34,930,426	43,046,222	123%
Bonus Income	3,630,018	6,447,920	3,855,086	14,885,806	63,260,195	425%
Surface Rental Income	8,574,120	9,018,683	8,500,955	9,367,688	8,377,815	89%
Commercial Revenue	1,714,198	2,412,551	2,769,676	3,532,836	2,772,299	78%
Renewable Energy Income	-	103,431	364,393	486,814	417,506	86%
Other Rental Income	1,631,534	2,746,927	2,179,867	2,437,762	2,374,454	97%
Timber Sales	78,353	69,078	72,110	-	-	n/a
Land Sales	16,694	41,948	3,250	11,762	53,824	458%
Interest Income	1,436,136	620,483	601,988	385,914	401,435	104%
Fee Revenue	63,193	86,875	79,729	70,605	94,154	133%
<b>Total Income</b>	<b>\$ 62,516,746</b>	<b>\$ 71,307,486</b>	<b>\$ 75,562,922</b>	<b>\$ 67,873,643</b>	<b>\$ 122,872,069</b>	<b>181%</b>

COMMISSIONERS: Buck Blessing, Michele A. Bloom, Tom Gray, Thomas R. Hoyt, Sandra A. Leinsdorf

**Background**

As Figure 1A indicates, more than half of the total revenues for the state trust lands came from bonus income earned from auctions of oil and gas parcels. The \$63 million earned from auction proceeds was nearly \$50 million more than the prior's years auction proceeds and eclipses the bonus income in all other years by an even greater margin.

Figure 1A  
FY 2011-2012  
Total Revenue

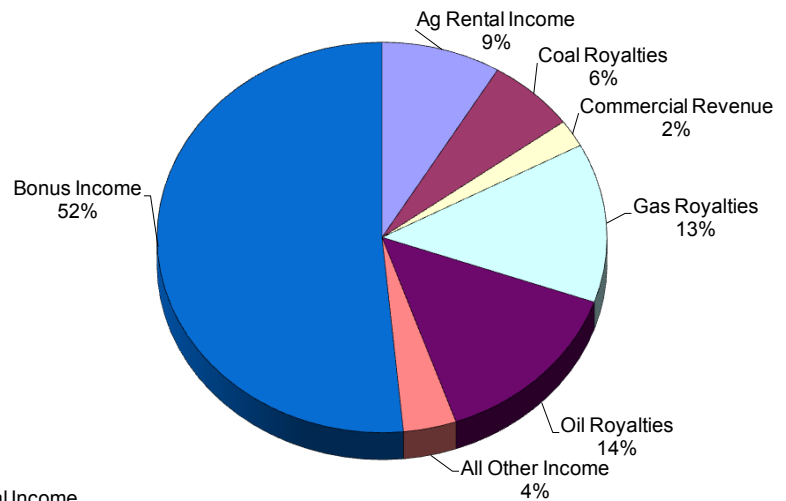
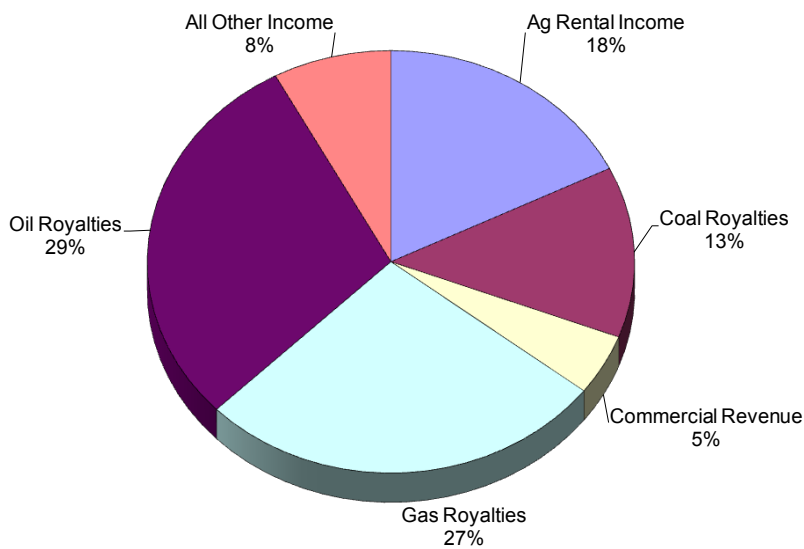


Figure 1B  
FY 2011-2012  
"Base Revenues"



Once the bonus is subtracted from the total, the contribution of the more consistent annual revenue sources becomes more clear. These revenues are referred to as "base revenues" because they generally recur within a reasonably stable range each year. The base revenues of the state trust lands come from five major sources: Oil Royalties, Gas Royalties, Coal Royalties, Agricultural Rental Income, Commercial Revenue, and All Other sources. In FY 2010-11, the mineral revenue sources greatly exceed all other revenues other than the bonus.

**Trends**

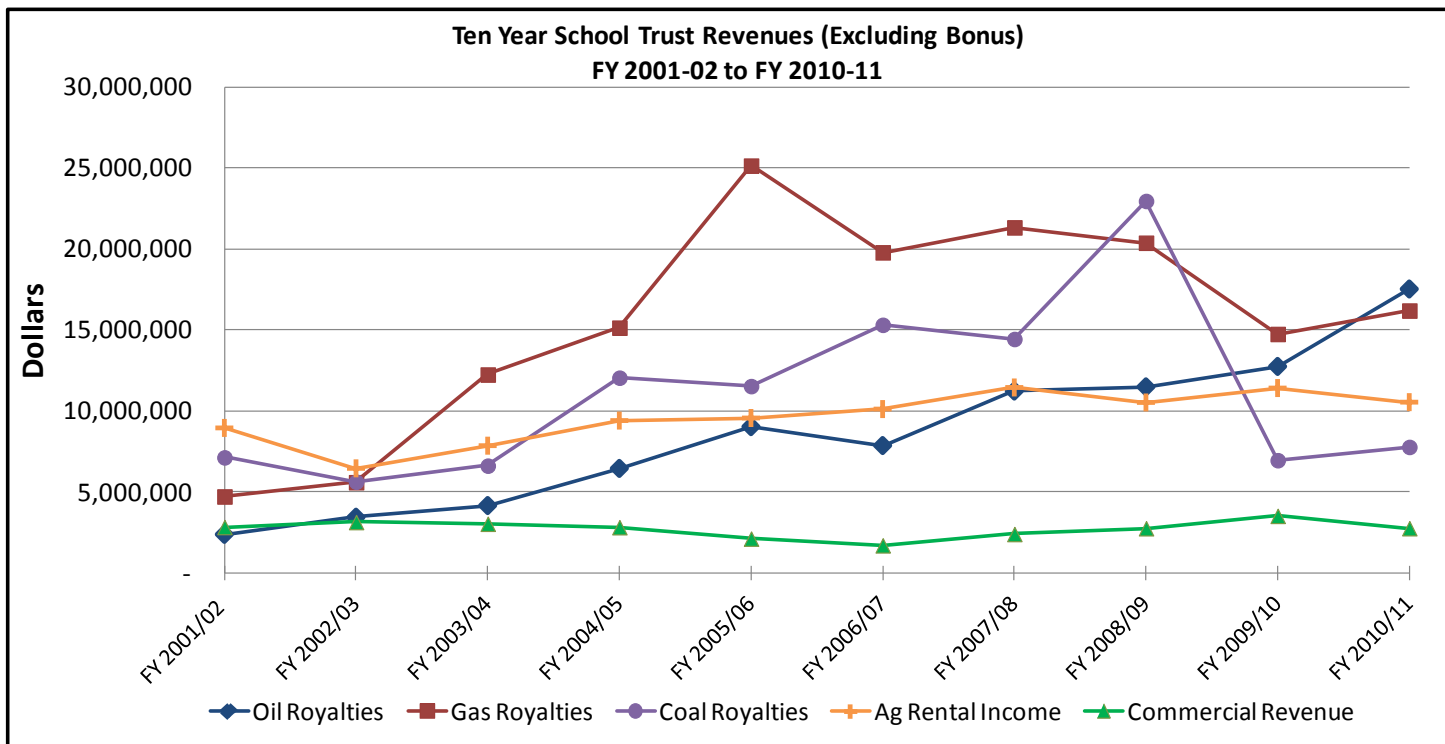
As Table 2 (on the following page) demonstrates, over the past five years, mineral royalties have been the dominant source of revenue derived from state trust lands. Bonus revenue exceeded mineral royalties only in the current fiscal year. Going back ten years, not only are mineral revenues much greater than the bonus, but agricultural rental income accounted for a much larger share of total revenue, representing nearly thirty percent (30%) of total revenues. Agricultural rental income (including recreation and rights of way) now accounts for approximately sixteen percent (16%) of total revenue in most years.

**Table 2**  
**Selected Revenues: % of Total**

% Of Total Income	FY 2001/02	FY 2006/07	FY 2007/08	FY 2008/09	FY 2009/10	FY 2010/11
<b>Bonus Income</b>	2.0%	5.8%	9.0%	5.1%	21.9%	51.5%
<b>Ag Rentals</b>	29.6%	16.2%	16.1%	13.9%	16.8%	8.6%
<b>Mineral Royalties</b>	47.1%	68.8%	65.9%	72.6%	50.8%	33.8%

Figure 2 shows, even more clearly, the ten-year trend for the primary “base revenue” sources from state trust lands. Over the past ten years, gas royalties (in the mid 2000s) and coal royalties (almost entirely from the Twenty-Mile mine) pushed total revenues from an average of \$30 million per year to over \$60 million per year. Prior to that time, the distribution of revenue sources was more balanced, but at a much lower level. In addition, over the last decade oil royalties have steadily risen and now represent the largest single source of base revenue – a trend that is likely to continue.

**Figure 2**



The growth in revenue over time is best summarized by looking at the compound annual average growth over the past ten years. This growth rate reflects the average growth in annual revenues each year over a specific time period. Table 3 (on the following page) shows that *the five primary base revenue sources from state trust lands delivered an impressive 8.6 percent growth rate, on average, over the past ten years.* However, in the past five years, only growth in oil royalties and commercial revenue has exceeded inflation, with overall growth in base revenues remaining flat over the five-year period.

Table 3

Compound Annual Average Growth		
Rate of Growth	Ten-Year	Five-Year
Ag Rental Income	1.8%	1.0%
Coal Royalties	1.0%	-15.6%
Commercial Revenue	-0.3%	12.8%
Gas Royalties	14.7%	-4.9%
Oil Royalties	24.8%	22.2%
<b>Big 5</b>	<b>8.6%</b>	<b>0.0%</b>
All Other Income	0.5%	-0.3%
<b>Inflation</b>	<b>2.0%</b>	<b>2.2%</b>

These trends in revenue growth are depicted more clearly in a statistical analysis of the growth trends over the past ten years<sup>1</sup>. As Figure 3 demonstrates, overall revenue growth – especially in mineral revenues – was especially strong in the first half of this past decade. In the past five years, several revenue sources have seen declines that generally correspond to weakness in the economy. However, in FY 2010-11 nearly all revenue sources showed signs of recovery and current signs point to further growth in all sources, with the possible exception of commercial revenue.

Figure 3

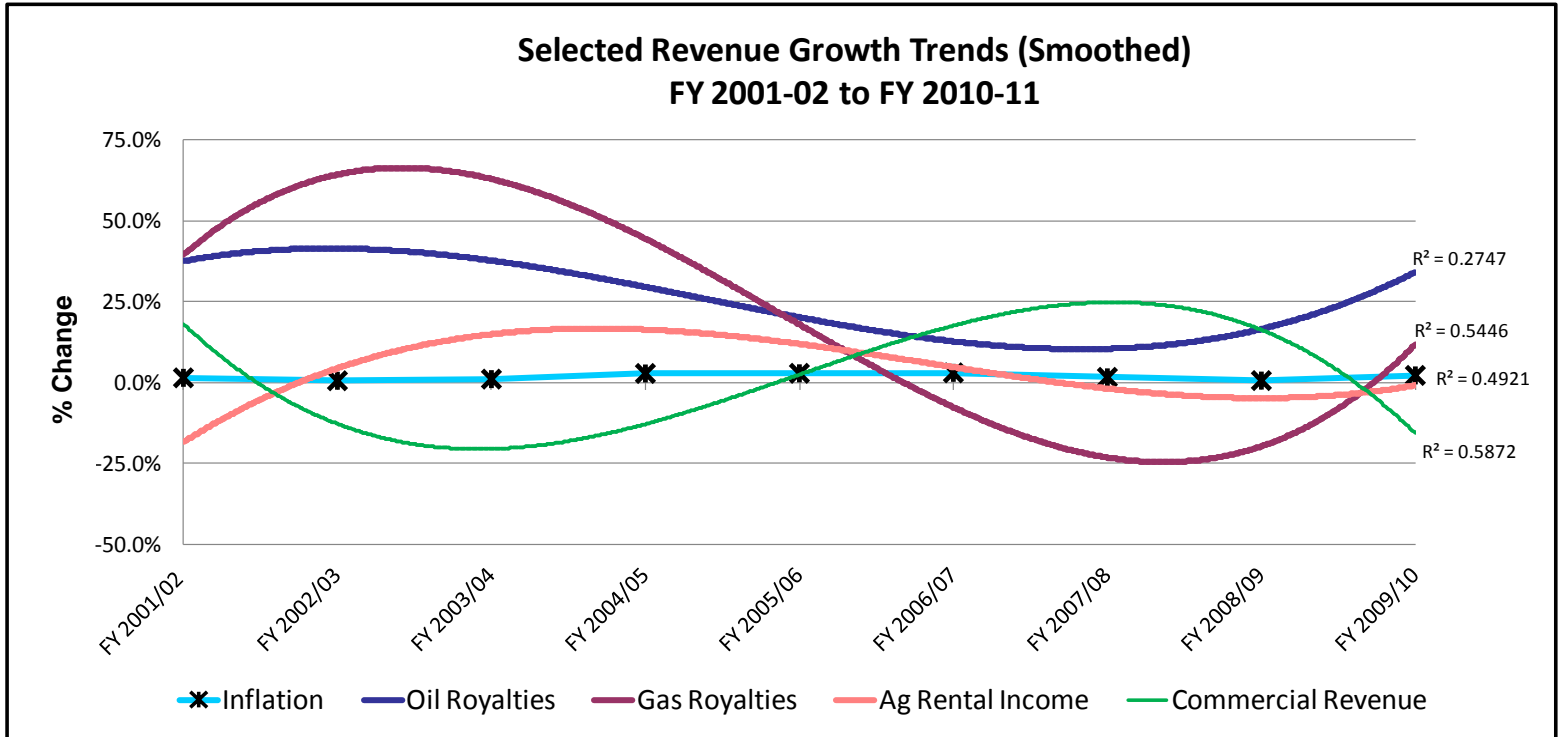


Table 4 shows the actual rate of growth for each major base revenue source for the past five years. The table reflects recent trends for each revenue source:

- ✓ Modest fluctuations in revenues for agricultural lands;
- ✓ Some notable fluctuations in commercial revenues as occupancy rates at 600 Grant and the addition of new cell tower leases impacted the revenues;
- ✓ A steep plunge in gas royalties as prices declined sharply; and
- ✓ Considerable growth in oil revenue as both oil prices, and more recently, production activity, have surged.

**Table 4**  
**Rate of Growth in Selected Base Revenues**

Rate of Growth	FY 2006/07	FY 2007/08	FY 2008/09	FY 2009/10	FY 2010/11
<b>Ag Rental Income</b>	5.8%	13.2%	-8.1%	8.5%	-7.6%
<b>Commercial Revenue</b>	-19.5%	40.7%	14.8%	27.6%	-21.5%
<b>Gas Royalties</b>	-21.3%	7.8%	-4.4%	-27.6%	9.8%
<b>Oil Royalties</b>	-12.9%	42.7%	2.3%	11.0%	37.5%
<b>Inflation</b>	2.9%	3.1%	1.7%	0.7%	2.3%

**Inventory**

As of July 2011, the State Land Board's land inventory stands at 2.8 million surface acres and 4.0 million subsurface acres. The legal acreage by trust is provided in Exhibit 7.

**Table 5**  
**Trust Inventory as of October 2011**

Trust	Acres - Surface	Acres - Mineral Estate
CSU	19,129	42,572
Hesperus	6,279	6,279
Internal Improvements	48,040	-
Multi Beneficiary	70,348	70,308
Other Trust	26	17
Penitentiary	6,847	9,912
Public Buildings	48	6,199
Saline	10,600	350
School	2,646,864	3,848,485
Univ of Colorado	3,521	11,704
<b>Total</b>	<b>2,811,702</b>	<b>3,995,825</b>

### **Additional Information**

Attachment 1, at the end of this report, provides a summary of the distribution of School Trust revenues under current state law. As the chart indicates, funding for the Building Excellent Schools Today (BEST) program accounts for \$61.0 million (50% of the total revenues) generated for the School Trust. Another \$9.0 million funds the administrative costs of the State Land Board, while the remaining \$52.0 million, along with interest from the Public School Permanent Fund, supports annual School Finance Act appropriations.

### **Notes:**

- <sup>1</sup> Staff analyzed the rates of growth for each major revenue source over the past ten years by using a technique known as polynomial smoothing. This method allows trends over time to show more clearly as unusual highs and lows in the growth rates are “smoothed” to help highlight the underlying trends. The  $R^2$  figure reported on the chart shows how well the “smoothed” data reflects the actual growth pattern for each revenue source, with a higher  $R^2$  value indicating a better fit between the trend line and the actual annual growth data.
- <sup>2</sup> All of the tables and figures in this report are derived from the attached year-end financial report.

**FINAL FY 10-11**

School Trust  
Revenues and  
Proceeds  
Distribution  
Year-End Revenues

**Total Gross SLB Revenue  
\$122 million**  
\$106 million royalties+one-time bonus  
\$16 million lease and other income

\$61 million 1 \$61 million

- Program Costs  
personal services and  
operating
- Legal Services
- Information  
Technology  
Services
- Vehicle Lease, Risk  
Management,  
Lease Space

2 **State Land Board  
Appropriation  
\$5.0 million**  
37 FTE

3 **B.E.S.T. Fund  
\$61.0 million**  
22-43.7-104, C.R.S.  
50% of SLB Gross Revenues  
tied to IRS ruling

Public School  
Capital Construction  
Funding

\$56 million

4 **INVESTMENT &  
DEVELOPMENT  
FUND**  
Up to \$4.0 million  
36-1-116(1)(a)(II)(C), CRS

**STATE  
PUBLIC  
SCHOOL FUND**  
36-1-116(1)(a)(II) &  
(1)(c) CRS

\$68 million

7

**DEPT OF ED  
SCHOOL  
FINANCE  
ACT**  
**\$5.4 BILLION**  
(FY 2010-11)  
  
\$79 million from  
School Trust

\$52 million

6 **SB 09-260  
School Trust  
Revenue  
Sweep**

**PUBLIC SCHOOL  
PERMANENT FUND**  
\$600 Million

\$16 million

\$11 million

Fixed amount set pursuant to HB 10-1369  
FY 2010-11 School Finance Act

**GENERAL  
FUND  
REVENUES**

## **Colorado State Land Board**

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Financial Report  
Fiscal Year 2010-11  
Fiscal Year End Comparison

For the period July 1, 2010 - June 30, 2011

*This information is unaudited and is for management purposes only*



STATEMENT OF REVENUE, EXPENDITURES AND FUND BALANCES

All Trusts

	FY 2006/07 Actual	% Chg	FY 2007/08 Actual	% Chg	FY 2008/09 Actual	% Chg	FY 2009/10 Actual	% Chg	FY 2010/11 Unaudited Year-End	% Chg
<b>Revenue:</b>										
Mineral Revenue	\$ 49,002,519	-7.0%	\$ 56,207,509	14.7%	\$ 60,990,954	8.5%	\$ 51,580,262	-15.4%	\$ 108,380,581	110.1%
Surface Revenue	10,284,006	5.6%	11,834,688	15.1%	10,752,932	-9.1%	11,805,450	9.8%	10,752,269	-8.9%
Commercial and Energy Revenue	1,714,198	-19.5%	2,515,982	46.8%	3,134,070	24.6%	4,019,650	28.3%	3,189,805	-20.6%
Land Sales	16,694	-33.2%	41,948	151.3%	3,250	-92.3%	11,762	261.9%	53,824	357.6%
Interest and Penalties 1/, 9/	1,436,136	411.4%	620,483	-56.8%	601,988	-3.0%	385,914	-35.9%	401,435	4.0%
Fee Revenue	63,193	-41.0%	86,875	37.5%	79,729	-8.2%	70,605	-11.4%	94,154	33.4%
<b>Total Revenue</b>	<b>\$ 62,516,746</b>	<b>-3.8%</b>	<b>\$ 71,307,486</b>	<b>14.1%</b>	<b>\$ 75,562,922</b>	<b>6.0%</b>	<b>\$ 67,873,643</b>	<b>-10.2%</b>	<b>\$ 122,872,069</b>	<b>81.0%</b>
<b>Expenditures:</b>										
General and										
Administrative 2/, 8/	\$ 4,322,628	3.6%	\$ 4,658,696	7.8%	\$ 4,995,547	7.2%	\$ 4,834,240	-3.2%	\$ 5,144,033	6.4%
Fund Transfers	1,000,000	0.0%	1,000,000	0.0%	1,000,000	0.0%	2,964,494	196.4%	4,000,000	34.9%
<b>Total Expenditures</b>	<b>\$ 5,322,628</b>	<b>2.9%</b>	<b>\$ 5,658,696</b>	<b>6.3%</b>	<b>\$ 5,995,547</b>	<b>6.0%</b>	<b>\$ 7,798,734</b>	<b>30.1%</b>	<b>\$ 9,144,033</b>	<b>17.3%</b>
<b>Net Revenue</b>	<b>\$ 57,194,118</b>	<b>-4%</b>	<b>\$ 65,648,790</b>	<b>15%</b>	<b>\$ 69,567,375</b>	<b>6%</b>	<b>\$ 60,074,909</b>	<b>-14%</b>	<b>\$ 113,728,036</b>	<b>89%</b>
<b>Interest:</b>										
Interest on School Permanent Fund	\$ 24,694,653	8.5%	\$ 26,588,228	7.7%	\$ 30,364,268	14.2%	\$ 28,500,000	-6.1%	\$ 27,000,000	-5.3%
<b>Total Trust Revenue and Interest</b>	<b>\$ 81,888,771</b>	<b>-1%</b>	<b>\$ 92,237,018</b>	<b>13%</b>	<b>\$ 99,931,643</b>	<b>8%</b>	<b>\$ 88,574,909</b>	<b>-11%</b>	<b>\$ 140,728,036</b>	<b>59%</b>
<b>Public School Permanent Fund</b>	<b>\$ 502,301,523</b>	<b>11%</b>	<b>\$ 562,774,661</b>	<b>12%</b>	<b>\$ 602,048,334</b>	<b>7%</b>	<b>\$ 619,500,000</b>	<b>3%</b>	<b>\$ 615,100,000</b>	<b>-1%</b>

*See Notes to Consolidated Financial Statements*

# STATEMENT OF INCOME AND DISTRIBUTIONS

## Summary Sheet All Trusts

	FY 2006/07 Actual	% Chg	FY 2007/08 Actual	% Chg	FY 2008/09 Actual	% Chg	FY 2009/10 Actual	% Chg	FY 2010/11 Unaudited Year-End	% Chg
<b>Income</b>										
Mineral Rental Income	\$ 1,637,513	29%	\$ 2,062,011	26%	\$ 1,768,047	-14%	\$ 1,764,030	0%	\$ 2,074,165	18%
Mineral Royalty	43,734,988	27%	47,697,578	9%	55,367,821	16%	34,930,426	-37%	43,046,222	23%
Bonus Income	3,630,018	-40%	6,447,920	78%	3,855,086	-40%	14,885,806	286%	63,260,195	325%
Surface Rental Income	8,574,120	5%	9,018,683	5%	8,500,955	-6%	9,367,688	10%	8,377,815	-11%
Commercial Revenue	1,714,198	-40%	2,412,551	41%	2,769,676	15%	3,532,836	28%	2,772,299	-22%
Renewable Energy Income	-	n/a	103,431	n/a	364,393	252%	486,814	34%	417,506	-14%
Other Rental Income	1,631,534	26%	2,746,927	68%	2,179,867	-21%	2,437,762	12%	2,374,454	-3%
Timber Sales	78,353	-15%	69,078	-12%	72,110	4%	-	-100%	-	n/a
Land Sales	16,694	-100%	41,948	151%	3,250	-92%	11,762	262%	53,824	358%
Interest Income	1,436,136	443%	620,483	-57%	601,988	-3%	385,914	-36%	401,435	4%
Fee Revenue	63,193	-43%	86,875	37%	79,729	-8%	70,605	-11%	94,154	33%
<b>Total Income</b>	<b>\$ 62,516,746</b>	<b>7%</b>	<b>\$ 71,307,486</b>	<b>14%</b>	<b>\$ 75,562,922</b>	<b>6%</b>	<b>\$ 67,873,643</b>	<b>-10%</b>	<b>\$ 122,872,069</b>	<b>81%</b>
Operating Expenses	4,322,628	10%	4,658,696	8%	4,995,547	7%	4,834,240	-3%	5,144,033	6%
Fund Transfers	1,000,000	n/a	1,000,000	0%	1,000,000	0%	2,964,552	196%	4,000,000	35%
<b>Net Income</b>	<b>\$ 57,194,118</b>	<b>4%</b>	<b>\$ 65,648,790</b>	<b>15%</b>	<b>\$ 69,567,375</b>	<b>6%</b>	<b>\$ 60,074,850</b>	<b>-14%</b>	<b>\$ 113,728,036</b>	<b>89%</b>
<b>Transfer to the Treasury</b>										
Royalties	\$ 45,764,245	26%	\$ 53,604,775	17%	\$ 51,565,080	-4%	\$ 44,239,557	-14%	\$ 99,090,563	124%
Rents	12,306,137	-67%	12,319,772	0%	14,135,935	15%	16,236,804	15%	13,939,077	-14%
<b>Total Transfer</b>	<b>\$ 58,070,382</b>	<b>60%</b>	<b>\$ 65,924,547</b>	<b>14%</b>	<b>\$ 65,701,015</b>	<b>0%</b>	<b>\$ 60,476,361</b>	<b>-8%</b>	<b>\$ 113,029,640</b>	<b>87%</b>

Note: Due to accounting adjustments, the Transfer to the Treasury does not match net operating income.

# SURFACE

## SOURCES OF SURFACE AGRICULTURAL REVENUE

### All Trusts

	FY 2006/07	%	FY 2007/08	%	FY 2008/09	%	FY 2009/10	%	FY 2010/11	%
<b>Income</b>	<b>Actual</b>	<b>Chg</b>	<b>Actual</b>	<b>Chg</b>	<b>Actual</b>	<b>Chg</b>	<b>Actual</b>	<b>Chg</b>	<b>Unaudited Year-End</b>	<b>Chg</b>
Agricultural Rental	\$ 1,980,249	-5%	\$ 1,870,607	-6%	\$ 1,836,789	-2%	\$ 1,879,675	2%	\$ 1,830,146	-3%
Grazing Rental	5,629,871	6%	6,198,163	10%	6,085,294	-2%	6,305,108	4%	6,057,651	-4%
Other Rental	1,631,534	26%	1,790,349	10%	1,241,997	-31%	1,454,080	17%	1,459,160	0%
Recreation/13	-	n/a	956,579	n/a	937,870	-2%	983,682	5%	915,295	-7%
Assignments	62,663	79%	296,424	373%	134,972	-54%	379,099	181%	197,102	-48%
Rights of Way	877,322	19%	636,346	-27%	424,805	-33%	794,212	87%	283,515	-64%
Timber Sales	78,353	-15%	69,078	-12%	72,110	4%	-	-100%	-	n/a
Jackson/Larimer	24,014	98%	17,144	-29%	19,095	11%	9,595	-50%	9,403	-2%
<b>Total Surface Revenue</b>	<b>\$ 10,284,006</b>	<b>8%</b>	<b>\$ 11,834,688</b>	<b>15%</b>	<b>\$ 10,752,932</b>	<b>-9%</b>	<b>\$ 11,805,450</b>	<b>10%</b>	<b>\$ 10,752,269</b>	<b>-9%</b>

*See Notes to Consolidated Financial Statements*

# MINERALS

## SOURCES OF MINERAL REVENUE

### All Trusts

	<b>FY 2006/07</b>	<b>%</b>	<b>FY 2007/08</b>	<b>%</b>	<b>FY 2008/09</b>	<b>%</b>	<b>FY 2009/10</b>	<b>%</b>	<b>FY 2010/11</b>	<b>%</b>
<b>Income</b>	<b>Actual</b>	<b>Chg</b>	<b>Actual</b>	<b>Chg</b>	<b>Actual</b>	<b>Chg</b>	<b>Actual</b>	<b>Chg</b>	<b>Unaudited Year-End</b>	<b>Chg</b>
Oil Royalties	\$ 7,868,470	22%	\$ 11,230,830	43%	\$ 11,490,501	2%	\$ 12,750,326	11%	\$ 17,529,539	37%
Gas Royalties	19,796,786	31%	21,337,185	8%	20,388,557	-4%	14,758,880	-28%	16,204,479	10%
Coal Royalties	15,323,471	27%	14,449,406	-6%	22,967,504	59%	6,967,519	-70%	7,787,310	12%
Sand and Gravel Royalties	290,488	-42%	311,925	7%	169,132	-46%	188,537	11%	179,228	-5%
Other Mineral Royalties	455,774	119%	368,232	-19%	352,126	-4%	265,164	-25%	1,345,666	407%
Bonus	3,630,018	-40%	6,447,920	78%	3,855,086	-40%	14,885,806	286%	63,260,195	325%
Oil and Gas Rentals	1,438,668	26%	1,719,408	20%	1,592,257	-7%	1,590,850	0%	1,902,893	20%
Coal Rentals	60,753	-3%	60,753	0%	62,673	3%	60,753	-3%	58,833	-3%
Gravel Rentals	18,942	30%	27,266	44%	26,815	-2%	26,207	-2%	27,187	4%
Other Mineral Rentals	119,150	130%	254,585	114%	86,302	-66%	86,220	0%	85,251	-1%
<b>Total Mineral Revenue</b>	<b>\$ 49,002,519</b>	<b>17%</b>	<b>\$ 56,207,509</b>	<b>15%</b>	<b>\$ 60,990,954</b>	<b>9%</b>	<b>\$ 51,580,262</b>	<b>-15%</b>	<b>\$ 108,380,581</b>	<b>110%</b>

*See Notes to Consolidated Financial Statements*

**STATEMENT OF OPERATING EXPENDITURES\***

	<b>FY 2006/07</b>	<b>FY 2007/08</b>	<b>FY 2008/09</b>	<b>FY 2009/10</b>	<b>FY 2010/11</b>
	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Unaudited Year-End</b>
<b>Expenditure:</b>					
Program Costs 5/	\$ 2,814,979	\$ 3,827,812	\$ 3,994,688	\$ 4,002,162	\$ 3,970,241
Public Access Program	-	-	-	-	224,599
Indirect Costs	167,095	156,845	221,075	165,450	177,993
Trust Land Evaluations /5	643,413	-	-	-	-
Risk Management	58,987	46,970	51,887	33,483	14,115
District Office Lease Space	37,179	45,850	45,162	43,824	39,748
Capital Complex Lease Space -Denver	59,204	68,363	68,095	-	-
Worker's Comp	29,690	16,560	1,598	1,287	1,257
Vehicle Leasing	50,057	54,881	57,514	23,358	34,622
Legal Services	404,849	378,586	394,539	460,611	466,563
ITS Maintenance	50,640	53,616	70,775	93,415	32,288
OIT Charges	-	-	-	-	142,304
Capital Outlay	6,535	6,619	5,589	6,623	6,623
Rollforwards	-	2,594	84,625	4,027	33,680
<b>Total Expenditures</b>	<b>\$ 4,322,628</b>	<b>\$ 4,658,696</b>	<b>\$ 4,995,547</b>	<b>\$ 4,834,240</b>	<b>\$ 5,144,033</b>

\*Encumbrances included

*See Notes to Consolidated Financial Statements*

## PUBLIC SCHOOL PERMANENT FUND

Fiscal Year	YE Market Value of Public School Permanent Fund	Interest Earned on Public School Permanent Fund 7/
<b>1980-81</b>	\$ 82,050,540	\$ 7,142,494
<b>1981-82</b>	97,079,112	10,150,337
<b>1982-83</b>	113,974,156	11,418,283
<b>1983-84</b>	131,068,310	11,307,274
<b>1984-85</b>	142,557,752	15,495,922
<b>1985-86</b>	154,622,745	11,669,545
<b>1986-87</b>	164,126,164	10,898,065
<b>1987-88</b>	171,328,233	12,850,474
<b>1988-89</b>	179,766,357	15,137,906
<b>1989-90</b>	189,701,129	14,945,621
<b>1990-91</b>	200,026,005	18,530,923
<b>1991-92</b>	208,550,187	17,970,067
<b>1992-93</b>	218,444,806	17,519,811
<b>1993-94</b>	229,627,331	15,819,935
<b>1994-95</b>	249,087,746	16,315,965
<b>1995-96</b>	261,854,789	17,998,262
<b>1996-97</b>	272,869,315	18,758,711
<b>1997-98</b>	281,234,247	19,234,573
<b>1998-99</b>	288,492,509	19,612,249
<b>1999-00</b>	299,391,443	19,798,365
<b>2000-01</b>	313,761,515	20,653,551
<b>2001-02</b>	328,354,582	21,881,935
<b>2002-03</b>	341,410,856	21,306,033
<b>2003-04</b>	364,619,050	21,498,155
<b>2004-05</b>	402,976,685	20,865,019
<b>2005-06</b>	453,037,639	22,758,734
<b>2006-07</b>	502,301,523	24,694,653
<b>2007-08</b>	562,774,661	26,588,228
<b>2008-09</b>	602,048,334	30,364,268
<b>2009-10</b>	619,500,000	28,500,000
<b>2010-11</b>	615,100,000	27,000,000

Source: Historical State Land Board Reports and the Department of Treasury.

*See Notes to Consolidated Financial Statements*

# STATEMENT OF INCOME AND DISTRIBUTIONS

## School Trust

	FY 2006/07 Actual	FY 2007/08 Actual	FY 2008/09 Actual	FY 2009/10 Actual	FY 2010/11 Unaudited Year-End
<b>Income</b>					
Mineral Rental Income	\$ 1,614,907	\$ 2,023,401	\$ 1,739,678	\$ 1,729,683	\$ 2,049,480
Mineral Royalty	43,206,928	47,130,818	54,521,085	34,169,303	42,210,215
Bonus Income	3,508,497	5,974,830	3,806,001	14,880,486	62,649,071
Surface Rental Income	8,371,449	8,819,293	8,305,534	9,157,949	8,222,629
Commercial Revenue 9/	-	2,411,066	2,768,181	3,389,085	2,414,414
Renewable Energy Income 10/	-	103,431	342,976	469,211	417,506
Other Rental Income	3,259,564	2,657,731	2,098,965	2,352,391	2,301,390
Timber Sales	60,021	55,232	56,458	-	-
Land Sales	16,694	4,085	3,250	4,095	53,824
Interest Income 11/	1,113,821	315,960	381,501	209,720	239,273
<b>Total Income</b>	<b>\$ 61,151,880</b>	<b>\$ 69,495,847</b>	<b>\$ 74,023,629</b>	<b>\$ 66,361,924</b>	<b>\$ 120,557,802</b>
Operating Expenses	4,139,787	4,484,226	4,749,185	4,625,720	4,675,880
Fund Transfers	1,000,000	1,000,000	1,000,000	2,964,552	4,000,000
<b>Net Income 12/</b>	<b>\$ 56,012,093</b>	<b>\$ 64,011,621</b>	<b>\$ 68,274,444</b>	<b>\$ 58,771,651</b>	<b>\$ 111,881,922</b>
<b>Transfer to the Treasury 13/</b>					
Royalties (800)	\$ 44,010,861	\$ 51,004,924	\$ 50,646,742	\$ 43,017,749	\$ 97,446,034
Rents (700)	\$ 12,000,000	\$ 12,000,000	\$ 13,803,928	\$ 15,753,902	\$ 13,326,806
<b>Gross Revenues</b>					
Royalties (800)	\$ 47,794,435	\$ 53,256,479	\$ 58,652,884	\$ 49,205,099	\$ 105,096,666
Rents (700)	\$ 13,357,445	\$ 16,239,369	\$ 15,370,745	\$ 17,156,825	\$ 15,461,137

## STATEMENT OF INCOME AND DISTRIBUTIONS

### University of Colorado Trust

	FY 2005/06 Actual	FY 2006/07 Actual	FY 2007/08 Actual	FY 2008/09 Actual	FY 2009/10 Actual	FY 2010/11 Unaudited Year-End
<b>Income</b>						
Mineral Rental Income	\$ -	\$ 240	\$ 1,680	\$ 1,440	\$ 1,920	\$ 1,920
Mineral Royalty	-	-	-	-	-	-
Bonus Income	-	-	-	-	1,920	-
Surface Rental Income	13,891	37,031	15,592	16,549	16,678	16,383
Commercial Revenue 9/	-	-	405	408	413	413
Renewable Energy Income 10/	-	-	-	-	-	-
Other Rental Income	11,523	6,398	7,142	5,931	10,276	10,560
Timber Sales	5,223	4,182	2,484	3,059	-	-
Land Sales	-	-	-	-	-	-
Interest Income	350	151	441	71	46	54
<b>Total Income</b>	<b>\$ 30,987</b>	<b>\$ 48,002</b>	<b>\$ 27,745</b>	<b>\$ 27,458</b>	<b>\$ 31,253</b>	<b>\$ 29,329</b>
Operating Expenses	5,441	3,491	1,929	1,242	2,720	2,097
Fund Transfers						
<b>Net Income</b>	<b>\$ 25,546</b>	<b>\$ 44,511</b>	<b>\$ 25,816</b>	<b>\$ 26,217</b>	<b>\$ 28,533</b>	<b>\$ 27,233</b>
<b>Transfer to the Treasury</b>						
Rents	\$ 34,274	\$ 44,511	\$ 25,816	\$ 26,217	\$ 28,534	\$ 28,945



# STATEMENT OF INCOME AND DISTRIBUTIONS

## Colorado State University Trust

	FY 2005/06 Actual	FY 2006/07 Actual	FY 2007/08 Actual	FY 2008/09 Actual	FY 2009/10 Actual	FY 2010/11 Unaudited Year-End
<b>Income</b>						
Mineral Rental Income	\$ 8,659	\$ 18,564	\$ 33,493	\$ 23,377	\$ 29,513	\$ 20,011
Mineral Royalty	492,217	489,227	511,691	781,584	736,124	755,695
Bonus Income	2,040	121,522	473,090	45,301	-	63,724
Surface Rental Income	35,048	29,689	37,203	36,314	36,096	35,709
Commercial Revenue 9/	-	-	347	350	354	354
Renewable Energy Income 10/	-	-	-	-	-	-
Other Rental Income	17,033	18,869	12,283	12,238	14,842	14,003
Timber Sales	4,477	3,584	2,129	2,675	-	-
Land Sales	-	-	37,863	-	1,888	-
Interest Income	1,518	2,046	3,140	4,229	2,906	2,443
<b>Total Income</b>	<b>\$ 560,992</b>	<b>\$ 683,501</b>	<b>\$ 1,111,240</b>	<b>\$ 906,069</b>	<b>\$ 821,723</b>	<b>\$ 891,938</b>
Operating Expenses	40,175	44,434	72,425	64,923	62,158	34,704
Fund Transfers						
<b>Net Income</b>	<b>\$ 520,818</b>	<b>\$ 639,066</b>	<b>\$ 1,038,815</b>	<b>\$ 841,146</b>	<b>\$ 759,565</b>	<b>\$ 857,234</b>
<b>Transfer to the Treasury</b>						
Royalties and Rents	\$ 569,395	\$ 218,042	\$ 1,039,910	\$ 775,701	\$ 759,631	\$ 996,325

## STATEMENT OF INCOME AND DISTRIBUTIONS

### Internal Improvements Trust

<b>Income</b>	<b>FY 2005/06 Actual</b>	<b>FY 2006/07 Actual</b>	<b>FY 2007/08 Actual</b>	<b>FY 2008/09 Actual</b>	<b>FY 2009/10 Actual</b>	<b>FY 2010/11 Unaudited Year-End</b>
Mineral Rental Income	\$ -	\$ -	\$ -	\$ 42	\$ 42	\$ 42
Mineral Royalty	-	-	-	-	-	60,704
Bonus Income	-	-	-	-	-	-
Surface Rental Income	78,488	81,284	89,280	89,871	116,453	65,163
Commercial Revenue 9/	-	-	733	738	142,484	357,119
Renewable Energy Income 10/	-	-	-	21,417	17,603	-
Other Rental Income	35,547	36,563	53,662	46,952	38,191	24,826
Timber Sales	11,304	8,605	5,361	6,962	-	-
Land Sales	-	-	-	-	5,778	-
Interest Income	458	3,047	491	740	752	1,222
<b>Total Income</b>	<b>\$ 125,797</b>	<b>\$ 129,499</b>	<b>\$ 149,527</b>	<b>\$ 166,723</b>	<b>\$ 321,302</b>	<b>\$ 509,076</b>
Operating Expenses	45,863	9,230	10,398	8,267	26,315	34,314
Fund Transfers						
<b>Net Income</b>	<b>\$ 79,934</b>	<b>\$ 120,269</b>	<b>\$ 139,129</b>	<b>\$ 158,457</b>	<b>\$ 294,987</b>	<b>\$ 474,763</b>
<b>Transfer to the Treasury</b>						
Royalties and Rents	\$ 97,278	\$ 117,677	\$ 139,101	\$ 154,858	\$ 275,174	\$ 488,040

## STATEMENT OF INCOME AND DISTRIBUTIONS

### Saline Trust

<b>Income</b>	<b>FY 2005/06 Actual</b>	<b>FY 2006/07 Actual</b>	<b>FY 2007/08 Actual</b>	<b>FY 2008/09 Actual</b>	<b>FY 2009/10 Actual</b>	<b>FY 2010/11 Unaudited Year-End</b>
Mineral Rental Income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Mineral Royalty	-	-	-	-	-	-
Bonus Income	-	-	-	-	-	-
Surface Rental Income	12,043	10,948	14,430	18,272	13,209	13,209
Commercial Revenue 9/	-	-	-	-	500	-
Renewable Energy Income 10/	-	-	-	-	-	-
Other Rental Income	7,001	8,986	10,118	9,592	10,103	11,995
Timber Sales	650	911	1,816	2,946	-	-
Land Sales	-	-	-	-	-	-
Interest Income	56	71	45	(25)	11	40
<b>Total Income</b>	<b>\$ 19,750</b>	<b>\$ 20,916</b>	<b>\$ 26,408</b>	<b>\$ 30,785</b>	<b>\$ 23,823</b>	<b>\$ 25,244</b>
Operating Expenses	9,260	1,521	1,719	2,200	2,432	1,959
Fund Transfers						
<b>Net Income</b>	<b>\$ 10,491</b>	<b>\$ 19,395</b>	<b>\$ 24,689</b>	<b>\$ 28,584</b>	<b>\$ 21,391</b>	<b>\$ 23,285</b>
<b>Transfer to the Treasury</b>						
Royalties and Rents	\$ 16,247	\$ 19,395	\$ 24,689	\$ 28,618	\$ 21,508	\$ 23,641

## STATEMENT OF INCOME AND DISTRIBUTIONS

### Penitentiary Trust

<b>Income</b>	<b>FY 2005/06 Actual</b>	<b>FY 2006/07 Actual</b>	<b>FY 2007/08 Actual</b>	<b>FY 2008/09 Actual</b>	<b>FY 2009/10 Actual</b>	<b>FY 2010/11 Unaudited Year-End</b>
Mineral Rental Income	\$ 604	\$ 604	\$ -	\$ -	\$ -	\$ -
Mineral Royalty	-	-	-	-	-	-
Bonus Income	-	-	-	-	-	-
Surface Rental Income	1,428	8,366	13,992	6,555	6,555	6,555
Commercial Revenue 9/	-	-	-	-	-	-
Renewable Energy Income 10/	-	-	-	-	-	-
Other Rental Income	4,851	4,851	5,491	5,689	5,459	5,181
Timber Sales	347	-	30	-	-	-
Land Sales	-	-	-	-	-	-
Interest Income	25	53	69	(38)	2	5
<b>Total Income</b>	<b>\$ 7,255</b>	<b>\$ 13,874</b>	<b>\$ 19,582</b>	<b>\$ 12,207</b>	<b>\$ 12,017</b>	<b>\$ 11,741</b>
Operating Expenses	3,395	990	1,377	874	1,216	910
Fund Transfers	-	-	-	-	(53)	-
<b>Net Income</b>	<b>\$ 3,860</b>	<b>\$ 12,884</b>	<b>\$ 18,206</b>	<b>\$ 11,333</b>	<b>\$ 10,855</b>	<b>\$ 10,831</b>
<b>Transfer to the Treasury</b>						
Rents	\$ 6,095	\$ 12,884	\$ 18,206	\$ 11,350	\$ 10,855	\$ 10,820

## STATEMENT OF INCOME AND DISTRIBUTIONS

### Public Buildings Trust

	FY 2005/06 Actual	FY 2006/07 Actual	FY 2007/08 Actual	FY 2008/09 Actual	FY 2009/10 Actual	FY 2010/11 Unaudited Year-End
<b>Income</b>						
Mineral Rental Income	\$ 3,198	\$ 3,198	\$ 3,438	\$ 3,510	\$ 2,872	\$ 2,712
Mineral Royalty	42,740	38,833	55,068	65,152	24,999	19,608
Bonus Income	-	-	-	3,784	3,400	547,400
Surface Rental Income	10,892	11,338	11,749	8,764	11,153	8,764
Commercial Revenue 9/ Renewable Energy Income 10/	-	-	-	-	-	-
Other Rental Income	15,500	10,500	500	500	500	500
Timber Sales	-	-	-	-	-	-
Land Sales	13,705	-	-	-	-	-
Interest Income	151,598	316,845	300,217	215,472	172,478	158,356
<b>Total Income</b>	<b>\$ 237,633</b>	<b>\$ 380,715</b>	<b>\$ 370,973</b>	<b>\$ 297,182</b>	<b>\$ 215,402</b>	<b>\$ 737,340</b>
Operating Expenses	80,306	116,743	111,819	17,097	43,054	27,162
Fund Transfers						
<b>Net Income</b>	<b>\$ 157,327</b>	<b>\$ 263,971</b>	<b>\$ 259,153</b>	<b>\$ 280,084</b>	<b>\$ 172,347</b>	<b>\$ 710,178</b>
<b>Transfer to the Treasury</b>						
Royalties and Rents	\$ 572,054	\$ 227,427	\$ 230,002	\$ 235,569	\$ 594,770	\$ 689,312
Balance of Public Buildings Trust	\$ 6,687,238	\$ 6,914,665	\$ 7,156,501	\$ 7,392,070	\$ 7,986,840	\$ 8,676,153

## STATEMENT OF INCOME AND DISTRIBUTIONS

### Hesperus Trust

	FY 2005/06 Actual	FY 2006/07 Actual	FY 2007/08 Actual	FY 2008/09 Actual	FY 2009/10 Actual	FY 2010/11 Unaudited Year-End
<b>Income</b>						
Mineral Rental Income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Mineral Royalty	-	-	-	-	-	-
Bonus Income	-	-	-	-	-	-
Surface Rental Income	-	-	-	-	-	-
Commercial Revenue 9/	-	-	-	-	-	-
Renewable Energy Income 10/	-	-	-	-	-	-
Other Rental Income	-	-	-	-	6,000	6,000
Timber Sales	-	1,050	2,025	8	-	-
Land Sales	-	-	-	-	-	-
Interest Income	-	1	5	-	(5)	36
<b>Total Income</b>	<b>\$ -</b>	<b>\$ 1,051</b>	<b>\$ 2,030</b>	<b>\$ 8</b>	<b>\$ 5,995</b>	<b>\$ 6,036</b>
Operating Expenses	5	76	141	2	468	581
Fund Transfers	-	-	-	-	(5)	-
<b>Net Income</b>	<b>\$ (5)</b>	<b>\$ 975</b>	<b>\$ 1,889</b>	<b>\$ 6</b>	<b>\$ 5,532</b>	<b>\$ 5,455</b>
<b>Transfer to the Treasury</b>						
Rents	\$ -	\$ 975	\$ 1,889	\$ -	\$ 5,532	\$ 11,029

## STATEMENT OF INCOME AND DISTRIBUTIONS

### Forest Trust

	FY 2005/06 Actual	FY 2006/07 Actual	FY 2007/08 Actual	FY 2008/09 Actual	FY 2009/10 Actual	FY 2010/11 Unaudited Year-End
<b>Income</b>						
Mineral Rental Income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Mineral Royalty	-	-	-	-	-	-
Bonus Income	-	-	-	-	-	-
Surface Rental Income	26,139	24,014	17,144	19,095	9,595	9,403
Commercial Revenue 9/	-	-	-	-	-	-
Renewable Energy Income 10/	-	-	-	-	-	-
Other Rental Income	-	-	-	-	-	-
Timber Sales	-	-	-	-	-	-
Land Sales	-	-	-	-	-	-
Interest Income	209	100	115	38	5	5
<b>Total Income</b>	<b>\$ 26,348</b>	<b>\$ 24,114</b>	<b>\$ 17,259</b>	<b>\$ 19,133</b>	<b>\$ 9,600</b>	<b>\$ 9,408</b>
Operating Expenses	7,751	1,754	1,859	1,101	894	698
Fund Transfers						
<b>Net Income</b>	<b>\$ 18,596</b>	<b>\$ 22,360</b>	<b>\$ 15,399</b>	<b>\$ 18,032</b>	<b>\$ 8,705</b>	<b>\$ 8,710</b>
<b>Transfer to the Treasury</b>						
Rents	\$ 16,734	\$ 22,360	\$ 15,383	\$ 18,032	\$ 8,706	\$ 8,688

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

All statements are prepared on a modified cash basis.

All percentage changes are comparisons to the prior-year same period.

1/ Includes interest on Certificates of Purchase, late payments, and delinquencies.

2/ Includes program costs, capital outlay, legal services, leased space, capitol complex leased space, vehicle lease, risk management, workers compensation, indirect costs, ITS maintenance and the land and water fund.

3/ Other Use includes industrial, water, open space, residential, and misc. rental. Before FY 2004-05, Other Use also included Commercial Ground Lease

4/ Parking lots and Residential Property managed by single management company as of January 1, 2004.

5/ As of FY 2005-06, includes operating, payroll, salary survey, anniversary increases, PERA, short-term disability, health, life and dental insurance. In FY 2006-07, Trust Evaluations was consolidated into Program Costs.

6/ Deleted

7/ A portion of the Permanent Fund interest earning were reinvested per statute in 1994-95, 1995-96, and 2005-06 to present.

9/ Commercial Revenues reported part of Other Rental Revenue prior to FY 2007-08

10/ Renewable Energy was a new category in FY 2007-08. Prior to FY 2007-08 the State Land Board had only one long term renewable energy lease with Public Service Company

11/ Fiscal Year 2006-07 includes \$923,517 interest revenue on royalty payment due to minerals audit.

12/ Trust Transfer amounts do not match net income due to timing differences related to the accounting for payables and receivables at the start and end of each fiscal year.

13/ Beginning FY 2005-06, a portion of royalty revenue transferred to Investment & Development Fund (Section 36-1-116, C.R.S.): \$1 million in FY 2005-06 rising to \$4.0 million in FY 2010-11.

14/ Recreation revenue reported as part of other rental prior to FY 2007-08