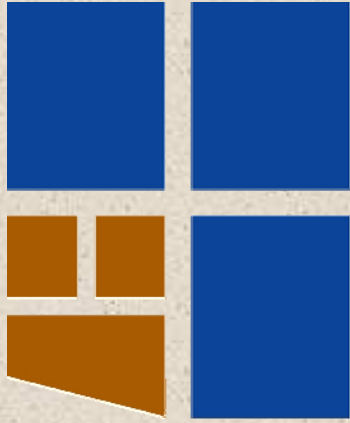




ARIZONA STATE LAND DEPARTMENT

ANNUAL REPORT 2009 - 2010

Janice K. Brewer
Governor

Maria Baier
State Land Commissioner



“Serving Arizona’s Schools and Public Institutions Since 1915”



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Janice K. Brewer
Governor
State of Arizona

Please visit our website at www.land.state.az.us

Special Thanks: Carolyn Harbison with the Natural Resource Education Center and the ASLD employees who contributed photos to this annual report: Willie Sommers, Chris Lowman, Roz Sedillo, Sandy Kelley, Greg Novak, Bruce Davis, Joe Dixon, John Schieffer, Keith Fallstrom, and Melissa Hyde.

Message From the Commissioner



Maria Baier
Arizona State Land
Commissioner

September 1, 2010

The Honorable Janice K. Brewer
Governor of Arizona
1700 West Washington Street
Phoenix, Arizona 85007

Dear Governor Brewer:

It is my privilege to deliver to you the State Land Department's Annual Report for Fiscal Year 2010 as required by A.R.S. §37-132. The report contains a summary of the Department's management activities and the revenue the Land Department earned during the fiscal year.

It is my primary and continuing goal to increase revenue for the beneficiaries of the State Trust and to protect its long term interest. In this fiscal year, Land Department staff continued their diligent work in support of the Trust. Even in the current recession, we were very successful in generating revenue for the beneficiaries. While the Department did not set a lot of new records, it did perform remarkably well in this economy. The following statistics help put last year's receipts into perspective:

- \$155,429,219 Total Receipts – Ranks 7th all time
- \$49,958,007 Expendable Receipts – Ranks 7th all time
- \$94,511,605 Permanent Receipts – Ranks 7th all time
- \$19,151,000 Land Sales – Ranks 19th all time

As you can see, the Department carefully scrutinized applications to ensure no auction was held that could have failed to comply with the mandates of the Trust, and therefore the Department sold only 918.36 carefully selected acres that earned in excess of \$19 million as referenced above. We also have seen significant revenue from other sources. For example, \$52.2 million was received for perpetual rights-of-way, primarily land for the loop 303 freeway. Perhaps most striking, the Department shattered the royalty receipts record with receipts of \$26.5 million. The previous record was \$16.1 million set in FY 1991.

FY 2010 was the first year of a new funding mechanism for the Department. In July 2009, the law was passed that allows up to 10 percent of Trust proceeds to be used to manage the Trust. This is in line with most other states with Trust land which similarly retain a portion of the revenue to fund the management of the land. This shift already has helped the Trust because the Department was generally able to maintain its level of service to the beneficiaries.

Message From the Commissioner

Thank you for the opportunity to serve Arizona and the Trust beneficiaries as State Land Commissioner. The possibilities that exist for the Land Department over the next year are exciting, and I look forward to working alongside you, your staff, the staff at the Department and the citizens of Arizona to advance the interests of those we serve, and most especially our beneficiaries.

Sincerely,



Maria Baier
Arizona State Land Commissioner

About the Commissioner

Maria Baier was appointed as the Arizona State Land Commissioner in June, 2009.

Maria has held several executive positions, including President of MBC, Inc., a sustainability consulting firm specializing in sustainable land use and natural resource management practices; President and CEO of Valley Partnership, a trade organization representing 600 Metro Phoenix businesses, whose primary mission is to “advocate responsible development;” and Director of the Trust for Public Land Arizona Field Office.

She also spent 10 years on the Executive Staff of the Office of the Governor, serving two administrations. She served as senior policy advisor in the areas of natural resources, growth and development, environmental quality and criminal justice. Maria also was elected to the Phoenix City Council and served from 2008 - 2009, until her appointment as Commissioner.

She is an active member of the Arizona State Bar and volunteers on numerous boards and commissions including the Trust for Public Land Arizona, Foundation for Blind Children, Great Hearts Academies, Valley Partnership, and Central Arizona Partnership.

Maria received her Bachelor of Arts Degree from Arizona State University, and her Juris Doctor from the James E. Rogers College of Law at the University of Arizona.

Historical Overview

Land Grant

The Territory of Arizona was established on February 24, 1863, by an Act of Congress. This Act granted sections 16 and 36 of each township for the benefit of the Common Schools. Endowment of public lands for educational purposes was a practice established by the Northwest Ordinance in 1787. Congress quickly recognized the value of the land and the importance of public schools to a developing nation.

The State Enabling Act, passed on June 20, 1910, allowed the Territory of Arizona to prepare for statehood. In addition to the previously designated sections of land, the Enabling Act assigned sections 2 and 32 of each township to be held in trust for the Common Schools. The needs of other public institutions were considered by Congress, and through the Enabling Act, more than two million additional acres were allocated for their use.



Two men by a Model T Ford in the Pinal Mountains of Gila County, Arizona. (Photo courtesy of Arizona State Library, Archives and Public Records, History and Archives Division, Phoenix, #98-1660)

Creation of the Land Department

On May 20, 1912, an act of the First Legislature created the three-member State Land Commission to serve as the temporary Land Department of the State. The members were Mulford Winsor, Chairman; Cy Byrne, Secretary; and William A. Moody, member. Appointed by Governor George W. P. Hunt, they were charged with assessing, evaluating, and making recommendations about the land granted by Congress to the State for the Common Schools and other institutions. The Commission was to report back to the Legislature with its findings and conclusions by the end of the second Legislative session.



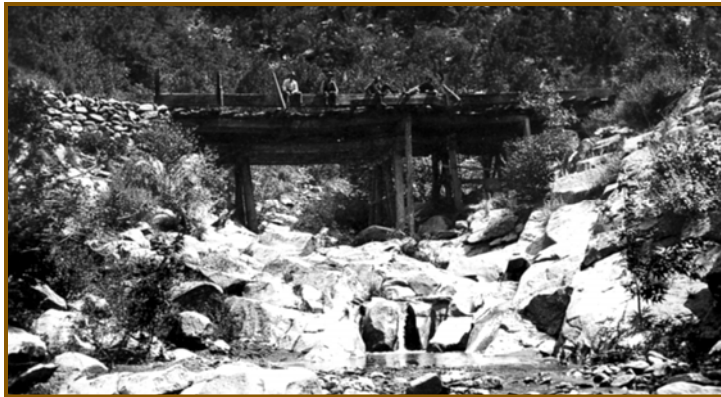
1914 photo of Arizona Governor George W.P. Hunt and members of the Arizona State Land Commission: Catherine Grove, George W.P. Hunt, Ethel Shoemaker, and E.L. Trippel. (Photo courtesy of Arizona State Library, Archives and Public Records, History and Archives Division, Phoenix, #97-6948)

The Commission concluded that Arizona should not sell its Trust land outright, as other states had done. Instead, it should put the lands to their “highest and best use.” The decision to sell or lease the land should be based upon the potential use of each parcel. The Commission recommended the creation of a permanent State Land Department “... in order that the multitudinous detail attached to the State’s varied land interests may have constant attention and to prevent irretrievable loss.”

Historical Overview

The State Land Department and the system by which Trust lands were to be managed were established in 1915 by the State Land Code. In compliance with the Enabling Act and the State Constitution, the State Land Code gave the Department authority over all Trust lands and the natural products from these Trust lands.

Since the State Land Department's inception, its mission has been to manage the Land Trust and to maximize its revenues for the beneficiaries. All uses of the land must benefit the Trust, a fact that distinguishes it from the way public land, such as parks or national forests, may be used. While public use of Trust land is not prohibited, it is regulated to ensure protection of the land and compensation to the beneficiaries for its use.



Bridge on Sawmill Road in the Pinal Mountains of Gila County, Arizona. (Photo courtesy of Arizona State Library, Archives and Public Records, History and Archives Division, Phoenix, #98-1663)

Beneficiaries

There are 13 beneficiaries of State Trust land revenues. The Common Schools is the beneficiary with the largest Trust land acreage, originally receiving about 8.4 million acres of land. Other beneficiaries, which originally received a total of about 2.5 million acres, include the University Land Code; Legislative, Executive, and Judiciary Building Fund; Penitentiary Fund; State Hospital; School for the Deaf and Blind; Normal (Universities) Schools; State Charitable, Penal, and Reformatory Institutions; Agricultural and Mechanical Colleges; School of Mines; Military Institutions; University of Arizona (Act of 2-18-1881); and two grants for the Miners' Hospital. A 14th beneficiary, County Bonds, was funded by Trust revenues until it was eventually paid. Revenues derived from County Bond lands are now added to the Common Schools' grant.

Trust Revenue

Revenues earned from Trust land are classified as either permanent or expendable receipts. Revenues derived from the sale of State Trust land and natural products are referred to as permanent receipts. Up to 10 percent of these receipts are deposited into the Trust Land Management Fund, which is used for operating expenses. The remaining receipts are deposited into the permanent funds and invested in stocks, bonds, and interest-bearing securities by the State Treasurer. The Treasurer distributes money from the funds to the beneficiaries according to a constitutional formula.

Expendable revenue includes lease revenue from Trust land leases and permits, interest from sales contracts, and the Treasurer's formula distribution. This revenue is distributed directly to the beneficiaries for their use.

State Trust land management priorities continually evolve to remain efficient in all areas of the Trust's maintenance. One change that dramatically increased the Department's revenue-generating potential was the passage of the Urban Lands Act in 1981. The Act allows the Department to increase the value of Trust land in urban areas by planning and zoning it in cooperation with the local governments. The Legislature has also expanded the Department's leasing capabilities, making long-term leases of up to 99 years possible for land that either has been planned under the urban planning process, or is rural commercial land.

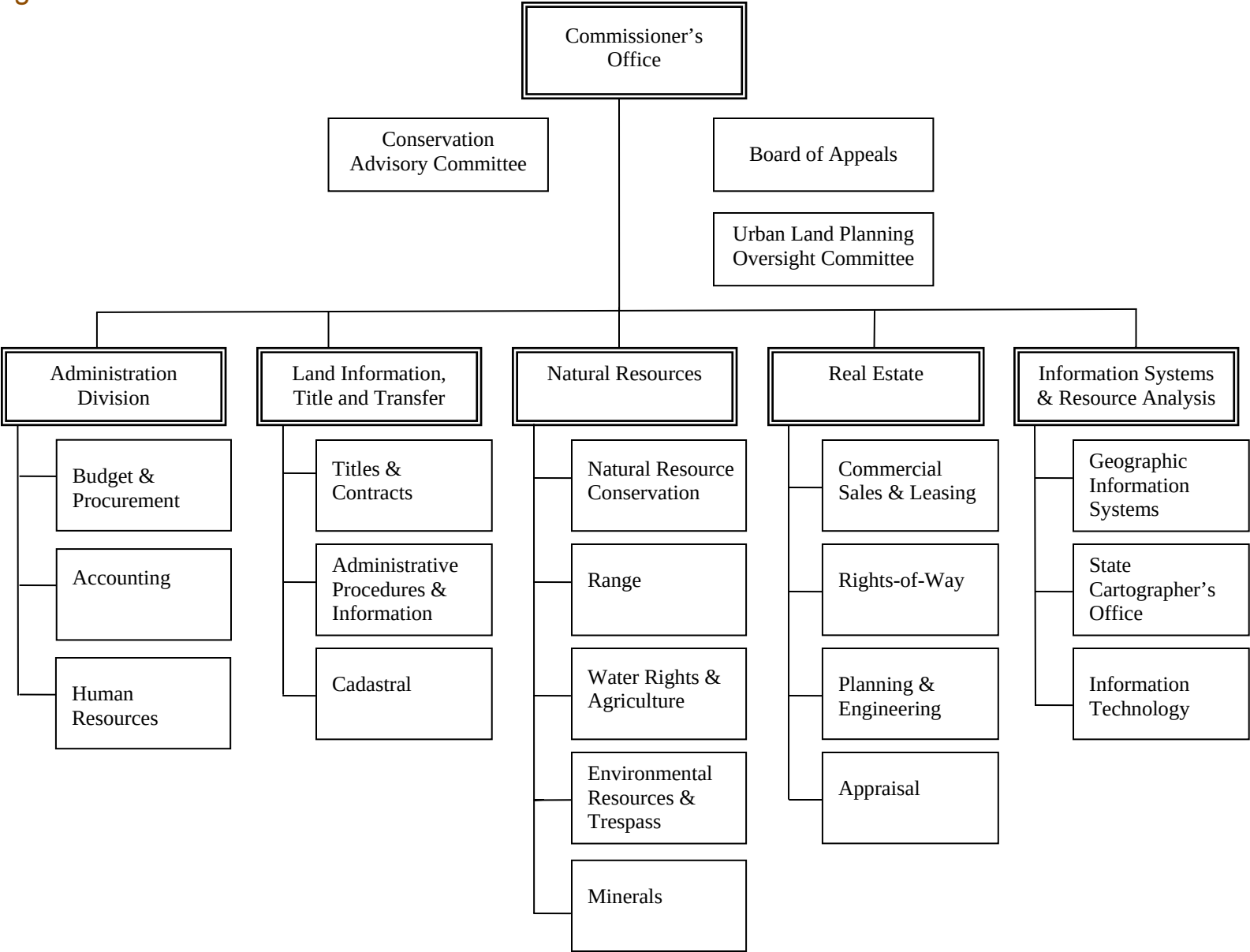
Today, the original school section pattern exists only in a few locations such as the remote Arizona Strip. About three-quarters of the school section acreage was relocated through selections and exchanges that have consolidated the Trust lands into large blocks in Pinal, Pima, Graham, Greenlee, and Cochise counties in central and southeastern Arizona; north and northwest of Phoenix in Maricopa and Yavapai counties; and in the checkerboard railroad grant zone across Mohave, Yavapai, Coconino, Navajo, and Apache counties.

Original Land Endowment Pattern

6	5	4	3	2	1
7	8	9	10	11	12
18	17	16	15	14	13
19	20	21	22	23	24
30	29	28	27	26	25
31	32	33	34	35	36

Land Endowment by Township
Township = 36 Sections
Each Section = 1 Square Mile

Organizational Chart



NRCD Environmental Education

Title 37, Chapter 6, Article 2 of the Arizona Revised Statutes authorizes the State Land Department to establish a Division of Natural Resource Conservation. Since 1942, thirty-two Natural Resource Conservation Districts (NRCD) have been established across Arizona with specific powers and authorities delegated by the State Land Commissioner. One such authority is to organize and sponsor local efforts to inform and educate youth and adults in principles of wise land use and sustained management of Arizona's renewable natural resources. The daily operations of Natural Resource Conservation Districts and corresponding Environmental Education Centers are overseen administratively by Arizona State Land Department program staff. There are currently 23 Natural Resource Education Centers (NREC) operating today. One of the Education Centers located on the campus of Central Arizona College is sponsored by the West Pinal NRCD, Eloy NRCD, and Florence - Coolidge NRCD. It was organized as a formal 501(c)(3) private non-profit organization; staff includes a full-time Director, a part-time Assistant Director, and a number of volunteers. Although the primary source of funding is the Arizona Environmental Special Plate Fund (ESPF), this NREC has leveraged their base funding to successfully receive grants from the Arizona Department of Health Services, Central Arizona Project, Gila River Indian Community, and the Pinal County Attorney's office.

This Natural Resource Education Center uses several avenues for program delivery. They provide classroom visits where all types of natural resource issues can be discussed such as agronomy (corn, pumpkins, and vegetable production), animal husbandry (dairy and egg production), entomology (the study of insects), and various soil and water conservation practices. Another method of education is coordinating class field trips to the NREC facility located on the campus of Arizona Central College. In August of 2001, the NREC and the College entered into a Memorandum of Understanding outlining the duties and responsibilities of each party. The College has since provided the Center with four acres of irrigated land and classroom space. Children are bused from their schools to the Center where they receive both classroom and field instruction and learn the "Five C's" of Arizona. The Five C's found on the Great Seal of the State of Arizona represent Copper, Cattle, Citrus, Cotton, and Climate.

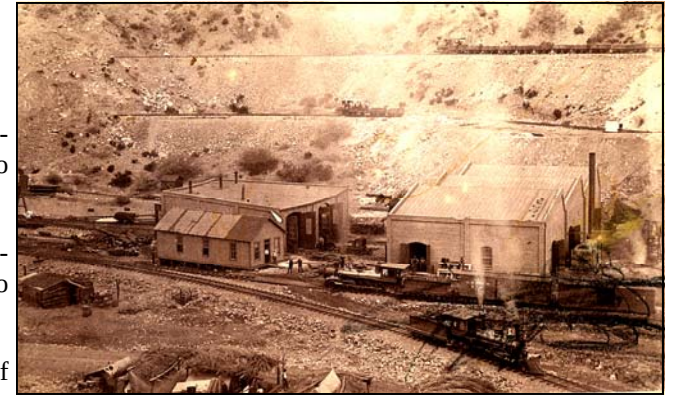
During the 2009 – 2010 school year, this Natural Resource Education Center presented 51 field days at Central Arizona College, ventured on 36 classroom visits, and participated in three community events. In total, the Center instructed 4,390 children and 471 adults in the wise use and management of Arizona's renewable natural resources. While on campus, visitors are encouraged to meet with college administrators and learn about opportunities for higher learning in the field of natural resource management.

The Arizona State Land Department is primarily recognized for its mandate to generate revenue for the beneficiaries of the Trust, many of which are educational institutions. The Department is also proud of its little known efforts to inform and educate the residents of Arizona through the Natural Resource Conservation District Environmental Education Program.



Major Transactions/Leases

- \$22,133,046 — Mineral lease 11-98925 to ASARCO LLC for 574.79 acres extracted 89.6 million pounds of copper.
- \$20,546,087 — The Arizona Department of Transportation purchased a perpetual right-of-way consisting of 498.89 acres on 12/11/2009. The land is located from Happy Valley Road to Lake Pleasant Parkway and will be used for the Loop 303 freeway.
- \$13,579,355 — The Arizona Department of Transportation purchased a perpetual right-of-way consisting of 470.32 acres on 10/9/2009. The land is located from Lake Pleasant Parkway to the I-17 and will be used for the Loop 303 freeway.
- \$9,560,000 — The City of Phoenix purchased 294.57 acres on 12/15/2009. The land is priority 2C of the Sonoran preserve and is located three miles east of I-17 and one mile south of the Carefree Highway.
- \$9,316,420 — Arizona Public Service purchased a perpetual right-of-way consisting of 247.61 acres for an electrical transmission line south of SR 74 and west of I-17 on 06/03/2010.
- \$6,500,000 — The City of Scottsdale purchased 398.91 acres on 12/15/2009. This land will be preserved and is located at the southeast corner of Pinnacle Peak Road and 104th Street.



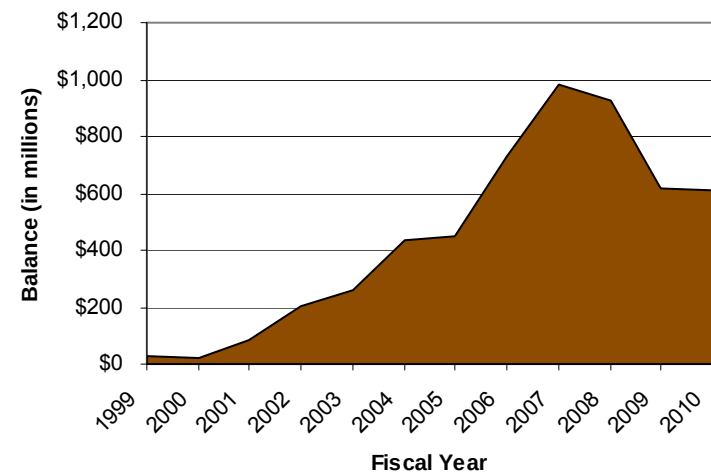
Railroad mine siding at the mine in Morenci, Arizona (Photo courtesy of Arizona State Library, Archives and Public Records, History and Archives Division, Phoenix, #94-2009)

Facts and Figures

Land Auctioned FY 2010

	Acres Sold	Total Sales Price	Acres Leased	Minimum Cumulative Lease Revenue
Urban	918.36	\$19,151,000	0	\$0
Rural	0	\$0	0	\$0
Total	918.36	\$19,151,000	0	\$0

Certificate of Purchase Balance



Cooperating to Secure Arizona's Borders

In an effort to help secure our borders in Pima and Santa Cruz counties, the Department has worked closely with the U.S. Border Patrol and the Corps of Engineers to provide them with the instruments necessary for legal access to State Trust land. The Corps of Engineers coordinates the access and fence related projects, and the Border Patrol coordinates projects related to entry locations, check points and the National Guard. There is a coordinated effort to provide access to and installation of telecommunication sites for the purpose of public safety communication facilities. The following sites include access and/or tower sites.

Did You Know?

- The Department processed 1,062 new customer applications, issued 8,195 recreational use permits, and retrieved 7,906 lease and contract files for customers.
- ASLD Public Records Central Files answered more than 2,122 email and phone customer inquiries.
- It took 85 years to reach a permanent funds balance of \$1 Billion in 2001. The current balance is \$2.3 Billion.

Five Year Plan

This year, the Department updated its Five Year Plan (FYP), prepared under ARS § 37-331.03. The FYP is a GIS-based database containing over 300 parcels, as well as information about these parcels considered for disposition in the near-term, mid-term and long-term. The FYP aids in identifying potential disposition opportunities by narrowing down the parcel candidates and offering additional information about those parcels selected for disposition. During the next year, the FYP will be presented to the Urban Oversight Land Planning Committee.



Mineral Leases

ASARCO

The agency produced a record income of \$29.3 million in FY 2010 from minerals-related activities, primarily from an older Mineral Lease with ASARCO's Mission Mine in Pima County that generated \$22 million. This Mineral Lease expires on December 31, 2010, and ASLD has already started working with ASARCO to ensure it will be ready for renewal on January 1, 2011. A new Mineral Lease, signed October 23, 2009, with Freeport McMoRan for their Morenci Mine in Greenlee County, generated \$1.5 million in royalty income. Additionally, exploration permittees are required to incur exploration costs each year or pay the Department in lieu of those expenses (A.R.S. §27-252). An internal audit revealed that these receipts were not accounted for properly in prior years. These were corrected in FY 2010. Otherwise, income from common variety sand and gravel and other aggregates operations, and oil and gas leasing was down from previous years, continuing to reflect a depressed market for those commodities.



ASARCO's Mission Mine in Pima County

RIDGEWAY

A Unit Agreement between the Department and Ridgeway Arizona Oil Corporation (Ridgeway) for the development of the St. Johns CO₂ and Helium Field in east-central Apache County, was finalized and signed in December 2009. Earlier, in August 2009, Ridgeway entered into a joint-venture with GreenFire Energy of Salt Lake City, Utah, to develop a geothermal energy project in the St. Johns Field. Rather than using the CO₂ for enhanced oil recovery projects as originally planned, Ridgeway and GreenFire Energy will use the gas as the "fluid" for the transfer of heat from the granitic rocks underlying the field to generate up to 800 megawatts (MW) of electricity using a series of 50 MW modular plants (by comparison, the nearby Springerville Generating Station has a total rating of 1,560 MW from its four units). ASLD would collect royalties on both the CO₂ and the geothermal energy produced from the St. Johns Field. GreenFire Energy has applied for funding from the U. S. Department of Energy and will participate in the drilling and completion of several of the five holes that Ridgeway will drill in the fall of 2010 to satisfy the diligent development requirements in the Unit Agreement.

LEASES AND PERMITS

FY 2010

Facts & Figures

	Acres	Number of Leases
Agriculture	163,186	367
Grazing	8,408,004	1,247
Mineral Material	1,552	14
Exploration Permits	169,736	343
Mineral	12,086	93
Oil & Gas	571,637	320
Mineral SLUPs	7,986	25

Number of Registrations and Water Rights Claims

Stockpond Registrations	4,306
Certificated Surface Water Rights	119
Well Registrations	2,783
Adjudication Statements of Claimant	7,029
Water Right Registrations	7,404
Grandfathered Groundwater Rights	234

REVENUE PRODUCTION

FY 2010

Lease Rentals

Agriculture	\$4,494,449
Grazing	\$2,403,080
Mineral Material	\$261,384
Exploration Permits	\$2,456,833
Mineral	\$81,790
Oil & Gas	\$399,937
Mineral SLUPs	\$105,942
TOTAL	\$10,203,415

Sale of Products

Public Auction Water Sales	\$377,876
Lease Water Charges	\$200,931
Mineral Royalties	\$23,736,896
Natural Products	\$2,223,973
TOTAL	\$26,539,676

Trespass Revenues

Settlements	\$655,712
Trespass Revenue	\$33,321
TOTAL	\$689,033
GRAND TOTAL	\$37,432,124

303 and I-17 Progress

The Arizona State Land Department and Arizona Department of Transportation will be working together to complete the right-of-way design and construction on the 16 mile phase II of the Loop 303 freeway. This section of the Loop is designed as a six-lane divided freeway with a freeway-to-freeway interchange at Loop 303 and I-10. The Loop 303 regional transportation is a huge benefit to the State and is expected to contribute approximately \$34 million to the Trust's permanent funds.

Phoenix residents will soon be able to drive through the Sonoran Desert between Cave Creek Road and Paloma Parkway, eventually connecting to the newly constructed interchange at I-17 and Dove Valley Road. The City of Phoenix will go to bid in 2010 for construction of the acquired right-of-way from State Trust land of approximately 7.25 miles for the future Sonoran Boulevard. In late 2008, the Department sold a right-of-way to the City of Phoenix for their planned roadway which brought approximately \$10.5 million dollars to the Trust.



Looking Back: Richard Oxford



This year, Richard Oxford, Director of the Land Information, Title and Transfer (LITT) Division, celebrated his 34th anniversary with the Arizona State Land Department. He was employed by ASLD on July 21, 1975 where he began his tenure with the Natural Resource Division as a Range “Con” Conservationist and Wildlife Biologist. Richard worked in the Department’s Range, Mineral, and Natural Resource Conservation District programs. His proficiency as an exceptional leader catapulted him through the ranks to become Director of the Operations Division in 1981 (now called LITT).

Over the years, his familiarity with and knowledge of the Department made him one of the Department’s greatest assets and the Department’s one and only Ombudsman. Whether you were researching Department history or responding to an inquiry, you could depend on him to troubleshoot difficult and controversial issues. He was committed to a high standard of customer service and consistently offered his assistance no matter how trivial the issue might have seemed.

He carefully assessed sensitive issues and addressed them in a subtle manner. His responses to inquiries reflected positively on the Department and management.

As a supervisor, he encouraged staff to excel. He provided direction and gave them hope to succeed. He complimented and coached Department employees. He believed in promoting staff within the agency and recognizing their efforts, even though it often meant more work for him. He was thoughtful and considerate not only to those he worked with but also to the general public.

Richard’s dedication to his job was admirable. Richard Oxford retired December 24, 2009. ASLD would like to recognize Richard for his hard work and dedication over these past 34 years and congratulate him for a job well done.

Preserve Land



This year the Department brought to auction three parcels that had been classified as suitable for conservation under the Arizona Preserve Initiative. In November of 2009, Pima County was the successful bidder for 67 acres at the corner of Valencia & I-19, with a bid of \$940,000. This parcel contains very significant cultural resources dating back to approximately 200 B.C.

In December 2009, The City of Phoenix purchased a 294-acre parcel for \$9.56 million. This purchase represents another step toward completion of the Sonoran Preserve. To date, the City has purchased a total of 5,500 acres of the 20,000 acres approved by the City Council in 1998.

Also in December 2009, the City of Scottsdale, for the first time, accessed funds from the Growing Smarter State Trust Land Acquisition Grant to purchase a 400-acre parcel. The successful bid of \$6.5 million adds additional acreage to the McDowell Sonoran Preserve. Scottsdale has already acquired or protected more than 16,000 acres for the preserve and has a long-range goal to expand the preserve to about 36,000 acres, nearly a third of the city's land area. Scottsdale is pursuing approximately 2,000 acres of State Trust land in the next fiscal year and another purchase the following year.



Wind Developments



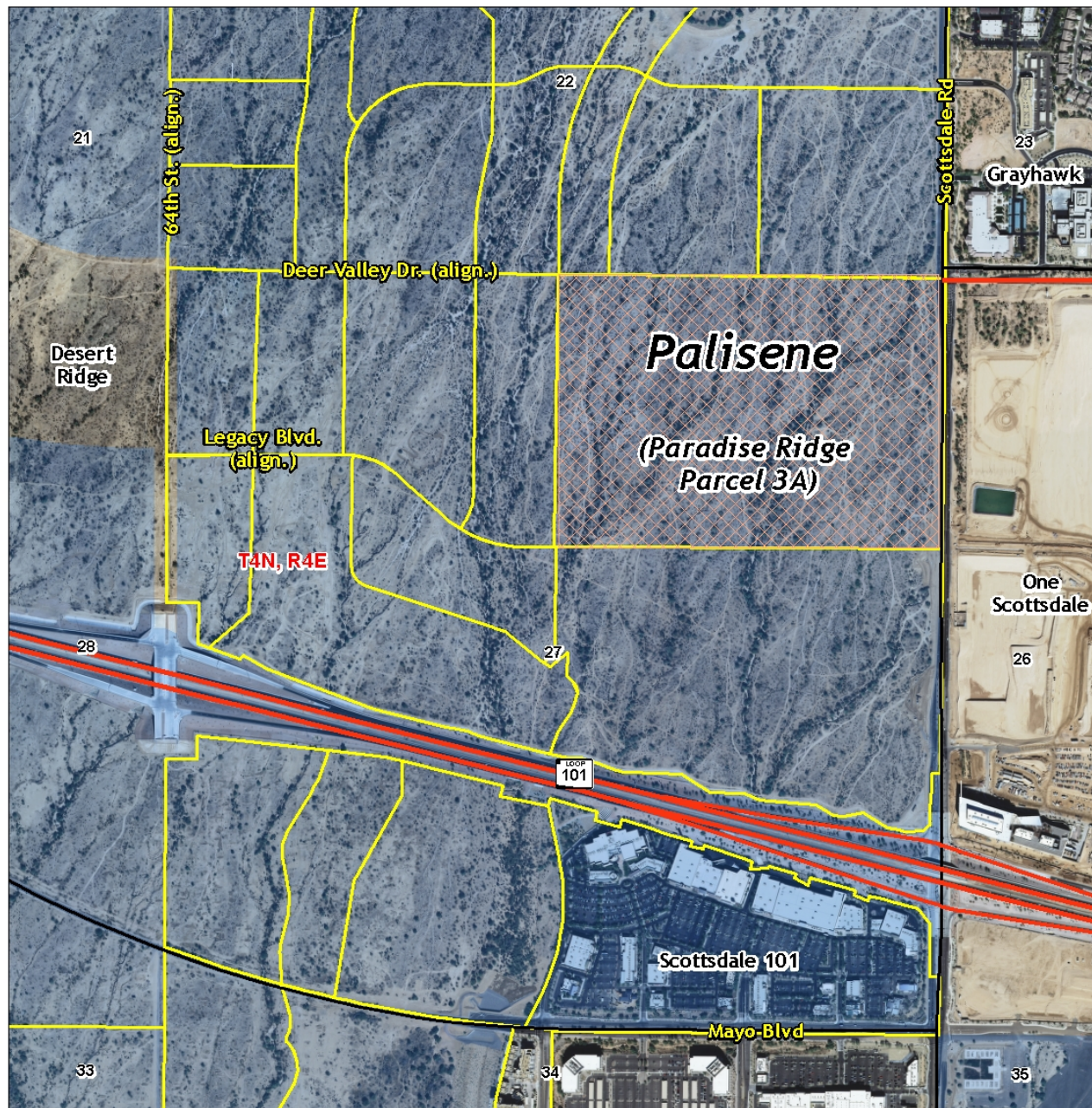
ASLD continues to work on several utility scale wind developments in the northern part of the State. ASLD, Bureau of Land Management, and a private land owner were successful in obtaining the State's first utility scale wind energy facility in Navajo County. Dry Lake (phase 1) was approved in November 2008 with construction completed in 4th quarter 2009. Dry Lake (phase 1) is in full operation generating electrical power for approximately 15,000 homes. The Department is planning for phase 2 of the Dry Lake wind project with 30 additional turbines distributed among State Trust and private lands. Phase 2 will generate an additional \$4.3 million to the Trust over the term of the 50 year right-of-way, totaling approximately \$8.7 million dollars to the Trust for phase 1 and 2. In addition, the Department is currently working on three other major utility scale wind developments in Coconino County encompassing several sections of State Trust land.

Palisene

The Department continued to work diligently with Westcor and its subsidiary Palisene Regional Mall, LLC, the lessee on Paradise Ridge Parcel 3A. This mixed-use site contains entitlements for up to 400 hotel rooms, 1,996 multi-family dwelling units and almost 2.8 million square feet of gross leasable commercial floor area, and has been branded as "Palisene." The Department plans to continue working with Westcor's engineering consultants to obtain City of Phoenix approval for infrastructure master planning, including water, wastewater, roads and drainage improvements. Following City of Phoenix approval of these master plans, which is anticipated by the end of calendar year 2010, Westcor will commence with the preparation of construction documents. The extension of roads and wet utilities to the Palisene leasehold will provide the backbone infrastructure needed to serve both Palisene and the rest of the Paradise Ridge property north of Loop 101 (see map on next page).

In addition, ASLD worked on a number of dispositions throughout the State. Many of the dispositions were for non-residential purposes, including those relating to mining, transportation and energy storage and production. ASLD will be poised to take advantage of the anticipated upturn in the economy in the coming years.

Palisene and Vicinity



Legend

- Paradise Ridge Parcels
- State Trust Land



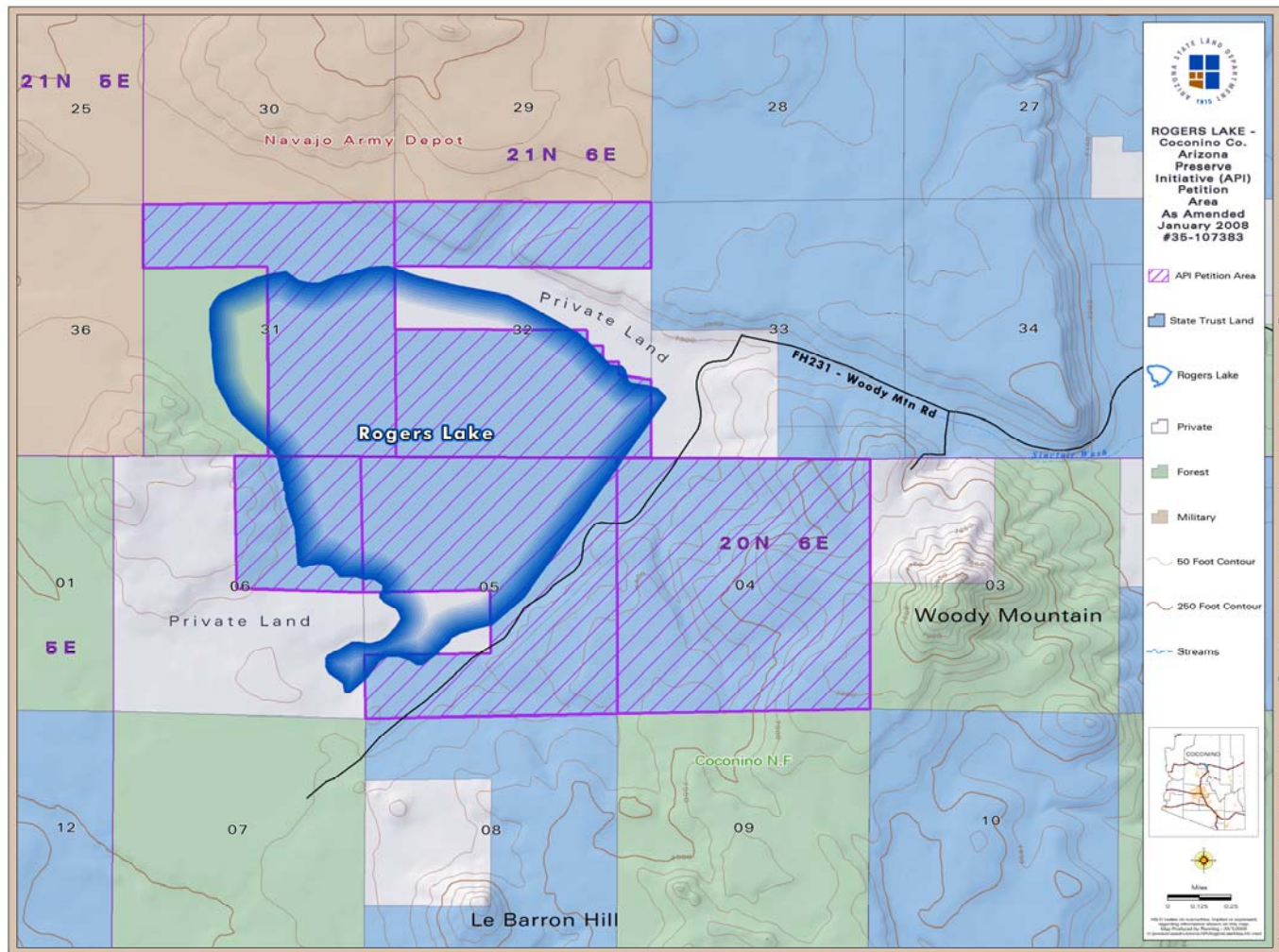
The Arizona State Land Department makes no warranties, expressed or implied, with respect to the information shown on this map.

Map produced by the Arizona State Land Department - September 28, 2010

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A/RK/Edelman

Arizona Preserve Initiative Reclassification

On July 21, 2009, the Department conducted the first Arizona Preserve Initiative (API) Reclassification hearing since January 2004. The purpose of this hearing was to take public testimony regarding Coconino County's API petition to reclassify approximately 2,200 acres of State Trust land, known as Rogers Lake, as being suitable for conservation purposes. This area is approximately ten miles southwest of the City of Flagstaff off of Woody Mountain Road. On January 13, 2010, the State Land Commissioner issued Order No. 158-2009/2010 classifying these lands as suitable for conservation purposes.



Board of Appeals

CURRENT BOARD MEMBERS



Sanders K. Solot, Chair
Tucson

Represents the First District, consisting of Pima, Santa Cruz, Cochise, Graham and Greenlee counties.



Norman R. Brown, Vice-Chair
St. Johns

Represents the Third District consisting of Mohave, Yavapai, Coconino, Apache and Navajo counties.



Jeffrey Covill
Phoenix

Represents the Second District consisting of Maricopa, Pinal, Gila, Yuma and La Paz counties.



Kathleen M. Holmes
Scottsdale

Member-at-Large.



Jolene U. Dance
Phoenix

Member-at-Large.

Arizona Revised Statute §37-132(A)(7) requires all land sales and commercial leases be approved by the Board of Appeals, which also serves as an Administrative Review Board. An appeal from a final decision of the State Land Commissioner relating to appraisals and classifications may be taken to the Board of Appeals by any person adversely affected by the decision.

The State Land Department Board of Appeals consists of five board members (pictured to the left) selected by the Governor and confirmed by the Senate for six-year terms. Three members represent the 15 counties in the State, which is divided into three districts. Two members hold positions-at-large.

The Board currently meets every other month (vs. monthly) to ease budget concerns. This schedule still allows the Board to address appeals of Commissioner decisions related to reclassification and appraisals, as directed by statute. All meetings were held in Phoenix this fiscal year.

During the fiscal year, the Board approved two commercial leases, 14 renewal leases, 67 rights-of-way sale appraisals, and eight land sale appraisals.

Nine new appeals were filed with the Board. One appeal modified the Commissioner's decision. Four appeals were withdrawn and dismissed by the Board. At the close of FY 2010, four appeals were still pending.

State Trust Land Uses

The Arizona State Land Department manages 9.3 million acres of Trust land.

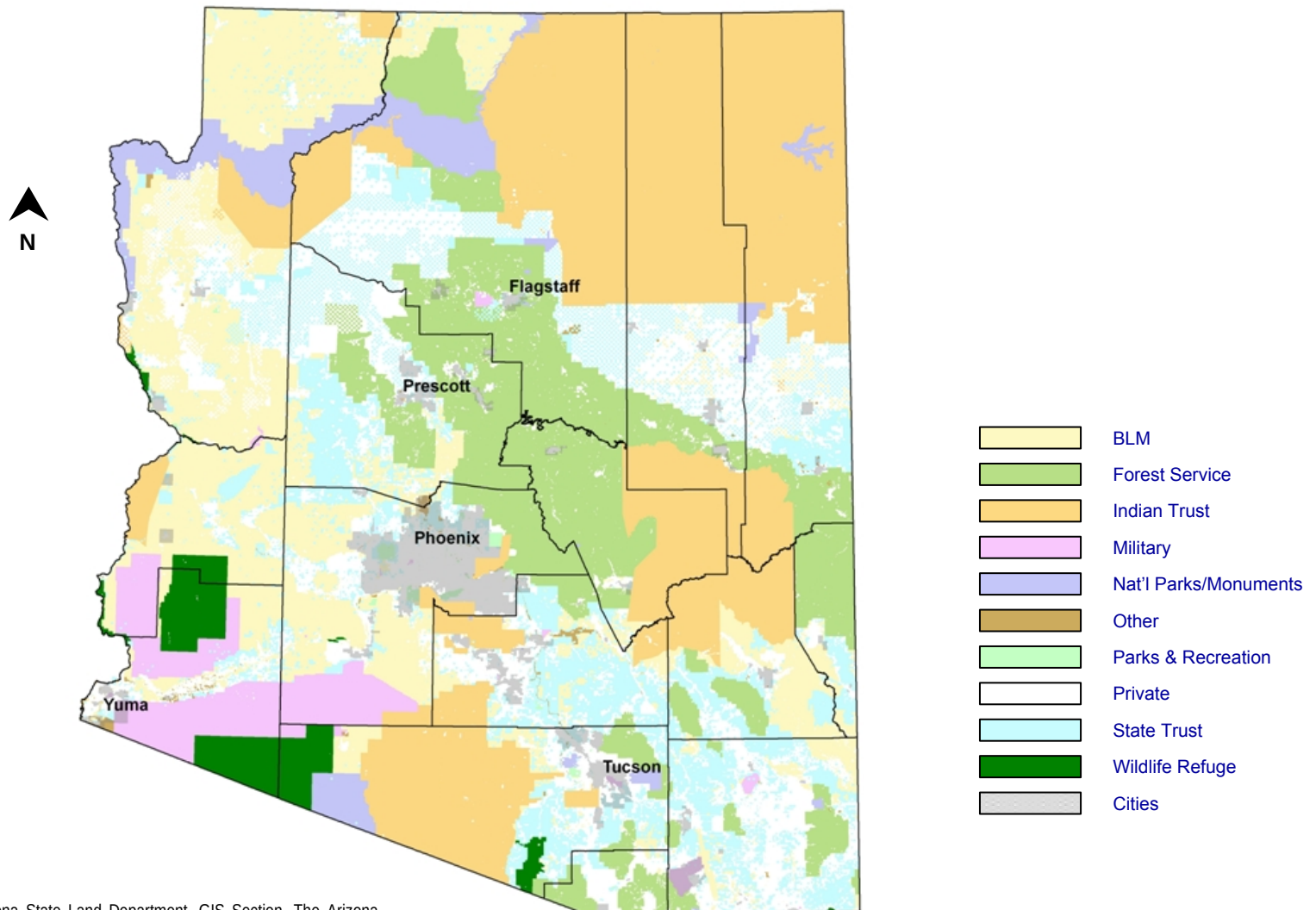
- 9,283,836.09 acres of the surface are under 10,272 leases and other contracts.
- 755,011.21 acres of the subsurface are under 770 leases and other contracts.



STATE TRUST LAND USES - FY 2010

	NO. OF LEASES	% OF LEASES	TOTAL ACREAGE	% OF ACREAGE
SURFACE				
Rights-Of-Way	7,500	73%	150,059.64	2%
Grazing	1,247	12%	8,408,003.63	90%
Commercial	328	3%	80,527.54	1%
Commercial School Leases	20	0%	1,083.15	0%
Agricultural	367	4%	163,186.29	2%
Use Permits	632	6%	444,983.38	5%
U.S. Government	158	2%	18,291.41	0%
Homesite	2	0%	8.13	0%
Institutional	10	0%	12,891.56	0%
Recreational	8	0%	4,801.36	0%
Subtotal (Leases)	10,272	100%	9,283,836.09	100%
SUBSURFACE				
Mineral	93	12%	12,086.44	2%
Mineral Exploration	343	44%	169,736.00	22%
Mineral Materials	14	2%	1,551.72	0%
Oil & Gas	320	42%	571,637.05	76%
Subtotal (Leases)	770	100%	755,011.21	100%
TOTAL LEASES	11,042		10,038,847.30	

Land Ownership and Management

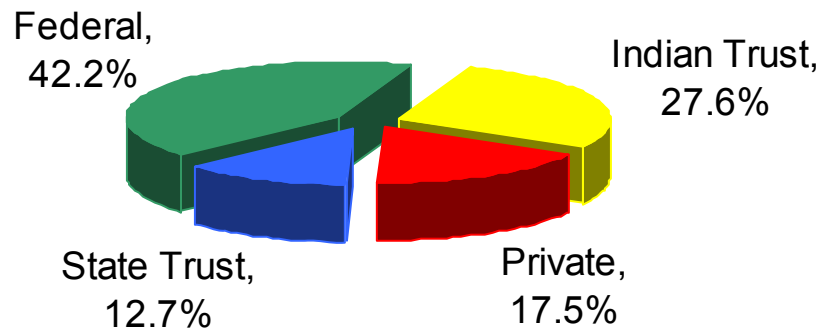


Produced by the Arizona State Land Department, GIS Section. The Arizona State Land Department makes no warranties, implied or expressed, with respect to the information shown on this map.

Land Ownership and Management

Land Ownership in Arizona

The State of Arizona contains an estimated 72,931,000 acres, or approximately 113,417 square miles, making it the sixth largest state in the United States. The surface land ownership in Arizona can be classified into four basic categories.



The percentages are estimates derived from digitized map data. The category called Private is overestimated due to the inclusion of small amounts of land owned by local, State, and Federal agencies.

State Trust Land within Each County

COUNTY	ACRES
Apache	652,660
Cochise	1,370,681
Coconino	1,125,118
Gila	31,231
Graham	496,321
Greenlee	172,104
La Paz	254,411
Maricopa	640,214
Mohave	565,350
Navajo	370,155
Pima	860,483
Pinal	1,204,538
Santa Cruz	61,154
Yavapai	1,264,280
Yuma	186,830
Misc*	2,540
TOTAL	9,258,071

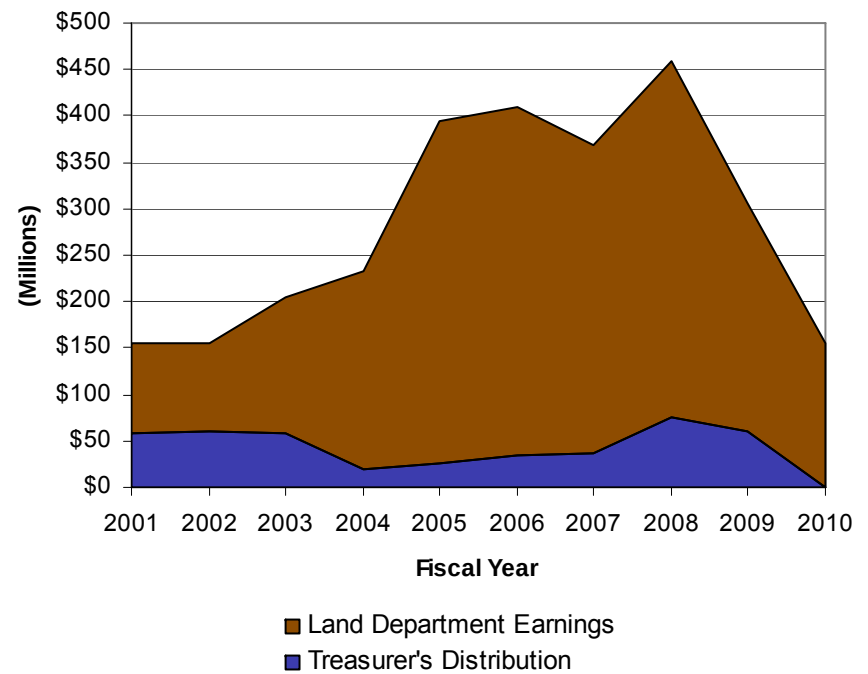
*Trust lands located in California or Nevada due to realignment of Colorado River

Fiscal Year 2010



FUNDS	FY 2010 TOTAL
Expendable	49,958,006.65
Commercial Prepayment	244,202.79
School Leases	0.00
General	(385,884.62)
Trust Land Management Fund	11,101,289.31
Permanent	94,511,604.59
TOTAL LAND DEPARTMENT	155,429,218.72
Treasurer's Distribution	1,799.00
GRAND TOTAL - FY 2010	155,431,017.72

**Total Trust Revenue
FY 2001 - 2010**



Fiscal Year 2010

REVENUES BY BENEFICIARY FY 2010

BENEFICIARIES	TRUST ACRES	STATE LAND EXPENDABLE EARNINGS	TREASURER'S FORMULA DISTRIBUTION	TOTAL EXPENDABLE RECEIPTS	TOTAL PERMANENT FUND RECEIPTS	TOTAL RECEIPTS
Common Schools (K - 12) (Includes County Bonds)	8,096,064	38,146,797	0	38,146,797	91,650,743	129,797,541
Normal Schools	174,798	196,746	0	196,746	80,748	227,495
Agricultural & Mechanical Colleges	124,944	84,261	0	84,261	153,223	237,484
Military Institutes	80,168	79,180	0	79,180	0	79,180
School of Mines	123,254	307,338	0	307,338	86,061	393,399
University Land Code	137,909	1,824,531	0	1,824,531	16,595	1,841,126
University of Arizona (Act Of 2/18/1881)	54,101	427,226	0	427,226	161,963	589,189
School for the Deaf & Blind	82,560	164,768	0	164,768	433,850	598,618
Subtotal Education	8,873,798	\$41,230,849	\$0	\$41,230,849	\$92,583,183	\$133,814,031
Legislative, Executive & Judicial Buildings	64,257	252,296	0	252,296	201	252,497
State Hospital	71,248	304,250	0	304,250	198,595	502,845
Miners' Hospital*	95,429	1,466,321	0	1,466,321	797,812	2,264,133
State Charitable, Penal, and Reformatory	77,229	5,341,811	0	5,341,811	760,676	6,102,487
Penitentiary	76,111	1,362,480	1,799	1,364,279	171,138	1,535,417
TOTAL	9,258,071	\$49,958,007	\$1,799	\$49,959,806	\$94,511,605	\$144,471,410

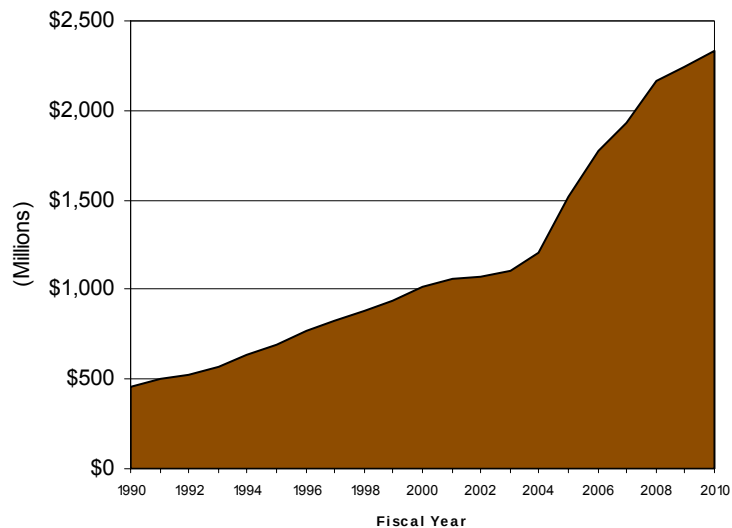
*Miners' Hospital and Miners' 1929 combined.

*The amount for expendable earnings includes \$0 from the school leases in accordance with A.R.S. §37-221, D.

Permanent Fund

- The Department deposited \$94.5 million into the Permanent Funds in FY 2010, increasing the book value to \$2,331,097,000.
- The balance of Department managed sales contracts is \$608.5 million.
- The Permanent Funds consist of revenues earned from the sale of State Trust land or assets such as minerals or other natural products. Up to 10% of this revenue is deposited into the Trust Land Management Fund
- Each beneficiary has its own Permanent Fund.
- The State Treasurer manages the Permanent Funds and invests the funds in stocks, bonds and other interest bearing securities. Distributions from the Permanent Funds to the beneficiaries are based on a constitutional formula.

**Permanent Fund Balance
FY 1990 - 2010**



BENEFICIARY SHARE OF PERMANENT FUND JUNE 30, 2010

	BOOK VALUE	MARKET VALUE
Common Schools (K - 12)	2,170,992,000	2,529,416,000
Normal Schools	2,284,000	2,832,000
Agricultural & Mechanical Colleges	6,249,000	8,135,000
Military Institutes	352,000	459,000
School of Mines	7,541,000	9,186,000
University Land Code	12,256,000	15,065,000
University of Arizona (Act of 2/18/1881)	25,955,000	32,269,000
School for the Deaf & Blind	2,969,000	3,861,000
Legislative, Executive & Judicial	5,117,000	6,509,000
State Hospital	3,768,000	4,806,000
Miners' Hospital	10,751,000	12,234,000
State Charitable, Penal & Reformatory	75,026,000	87,388,000
Penitentiaries	7,837,000	9,687,000
TOTAL **	2,331,097,000	2,721,848,000

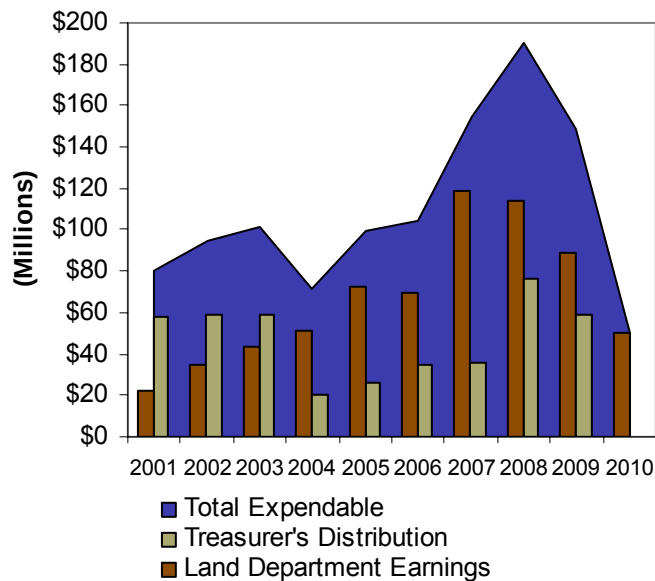
*Miners' Hospital and Miners' 1929 combined.

**Values are provided by the State Treasurer's Office and are rounded to the nearest thousand.

Expendable Revenue

- Expendable revenue includes lease revenue from Trust land leases and permits, interest from sales contracts, and the Treasurer's formula distribution of the Permanent Fund.
- Expendable revenues are distributed directly to the beneficiaries.
- Expendable revenue totaled \$50.0 million in FY 2010.
- Revenue from Trust land leases, permits, and interest earnings from sales financed through the Department totaled \$50.0 million.
- The Treasurer distributed \$1,799 according to the constitutional formula based on the 5-year average net return and the 60 month average market value.

**Trust Expendable Earnings
FY 2001 - 2010**



**EXPENDABLE REVENUE BY BENEFICIARY
FY 2010**

BENEFICIARIES	TREASURER'S FORMULA DISTRIBUTION	LEASE & SALES CONTRACT INTEREST	TOTAL EXPENDABLE REVENUE
Common Schools (K-12)*	0.00	38,146,797.44	38,146,797.44
Normal Schools Grant	0.00	196,746.31	196,746.31
Agricultural & Mechanical Colleges	0.00	84,261.41	84,261.41
Military Institutes Grant	0.00	79,180.15	79,180.15
School of Mines Grant	0.00	307,338.35	307,338.35
University Land Code	0.00	1,824,531.42	1,824,531.42
University of Arizona (Act Of 2/18/1881)	0.00	427,225.95	427,225.95
School for the Deaf and Blind	0.00	164,767.57	164,767.57
Subtotal Education	0.00	41,230,848.60	41,230,848.60
Legislative, Executive & Judicial Buildings	0.00	252,295.89	252,295.89
State Hospital Grant	0.00	304,250.06	304,250.06
Miners' Hospital Grant	0.00	1,466,320.81	1,466,320.81
State Charitable, Penal & Reformatory	0.00	5,341,811.26	5,341,811.26
Penitentiary Grant	1,799.00	1,362,480.03	1,364,279.03
TOTAL	1,799.00	49,958,006.65	49,959,805.65

*The amount for expendable earnings includes \$0 from the school leases in accordance with A.R.S. §37-221, D.

Fund and Beneficiary Summary

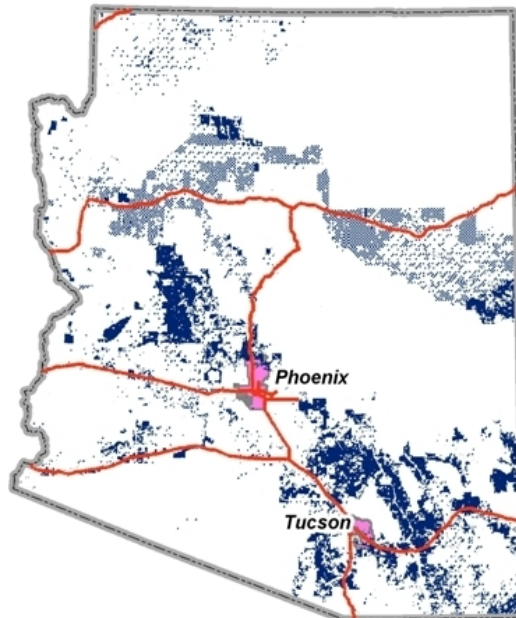
In FY 2010, State Trust receipts totaled \$155,431,018. A total of \$144,471,410 was earned for the beneficiaries, (\$385,885) was deposited in the General Fund, \$244,203 was received as commercial prepayments, and \$11,101,289 was deposited into the Trust Land Management Fund, which is used to manage the Trust. Of the beneficiary amount, \$94,511,605 was deposited into the Permanent Funds. The Permanent Funds are managed by the State Treasurer. The remaining \$49,959,806 in receipts were expendable and were distributed to the beneficiaries for use in their operations. Expendable receipts are comprised of lease revenues, interest on the outstanding sales balance and the Treasurer's formula distribution. The table below indicates the number of acres remaining for each grant along with a breakdown on how the expendable receipts are distributed to the beneficiaries.

TRUST ACRES	GRANT	BENEFICIARY
8,096,064	Common Schools (K - 12) (Includes County Bonds)	1st \$72.3 million of expendable receipts → State Aid Formula for K - 12 Receipts over \$72.3 million → Classroom Site Fund
174,798	Normal Schools	Board of Regents to Distribute to Universities
124,944	Agricultural & Mechanical Colleges	
80,168	Military Institutes	
123,254	School of Mines	
137,909	University Land Code	
54,101	University of Arizona (Act Of 2/18/1881)	
82,560	School for the Deaf & Blind	School for the Deaf & Blind
64,257	Legislative, Executive & Judicial Buildings	Legislature, Executive & Judicial Branch
71,248	State Hospital	State Hospital
95,428	Miners' Hospital (2 Grants)	Pioneers' Home
77,229	State Charitable, Penal, and Reformatory	{ 50% Pioneers' Home 25% Department of Corrections 25% Department of Juvenile Corrections
76,111	Penitentiary	
<u>9,258,071</u>	TOTAL	

Fund and Beneficiary Summary

Common Schools (K-12)

- Public education is by far the largest beneficiary of Trust land managed by the Department. Congress granted two sections of each township to common schools when Arizona became a territory and another two sections when Arizona became a state. The State was able to select federal lands equal to the sections that could not be granted due to the establishment of federal forests, parks and Indian reservations. Today, approximately 8.1 million acres remain in the Trust for common schools.
- In FY 2010, \$91.7 million from sales and royalties was deposited into the Permanent Fund for common schools bringing the total balance to \$2,170,992,000.
- In FY 2010, \$38.1 million was generated in expendable receipts from leases and interest on the outstanding sales balance. The Treasurer did not distribute money to the common schools in FY 2010. According to A.R.S. § 37-521 B, expendable receipts are distributed first to the School Facilities Board for revenue bonds, second to the New School Facilities Fund, if appropriated, third for basic state aid, and fourth, any receipts in excess of \$72.3 million are deposited into the Classroom Site Fund, which will be used for teacher raises, classroom size reduction and dropout prevention programs.
- The location of common school grant lands are shown in the above map. As a result of the large number of acres that are strategically located around urban areas, substantial revenues are expected to be generated in future years on behalf of the schools.



COMMON SCHOOLS (K - 12) ACRES AND INCOME - FY 2010

SURFACE LEASES	ACRES	INCOME
Agriculture	118,802	\$3,230,458.76
Commercial	22,647	\$19,472,365.01
Grazing	7,411,660	\$2,042,615.08
Homesite	8	\$4,819.03
Rights-of-Way	106,660	\$3,312,396.98
Use Permits	368,897	\$4,515,760.77
Institutional Taking	5,406	\$358,135.68
U.S. Government	17,452	\$411,561.37
Other	0	\$458,006.77
TOTAL SURFACE	8,051,532	\$33,806,119.45

SUBSURFACE LEASES		
Mineral	11,747	\$64,356.15
Exploration Permit	154,632	\$2,014,995.06
Mineral Materials	938	\$112,841.67
Oil & Gas	502,895	\$357,933.99
U.S. Government	17,452	\$0.00
TOTAL SUBSURFACE	684,664	\$2,550,126.87

Penalty & Interest	\$482,910.08
Sales Interest	\$1,307,641.04
School Leases	\$0.00
Treasurer's Formula Distribution	\$0.00
GRAND TOTAL EXPENDABLE	\$38,146,797.44

Permanent Fund Receipts	\$91,650,743.27
Permanent Fund Balance	\$2,170,992,000.00

Fund and Beneficiary Summary

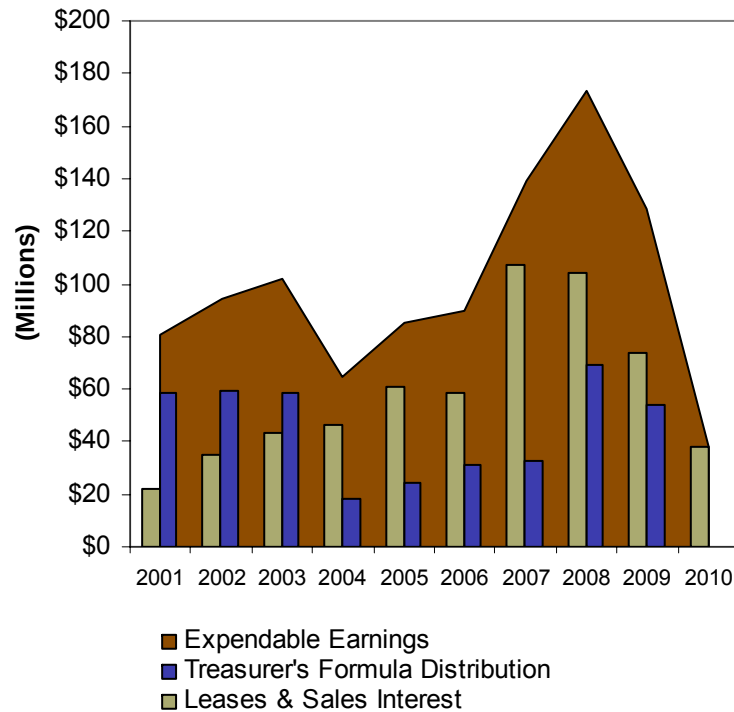
Common Schools (K-12)

Proposition 301 (passed by voters in the 2000 election) created a Classroom Site Fund whereby particular sources of funds, including revenue from the fiduciary management of State Trust land, are directed to fund items such as teacher salaries, classroom size reduction and dropout prevention programs. According to Proposition 301, the first \$72.3 million in expendable revenue for common schools can be used to fund the basic State Aid Formula, which funds education. Expendable revenue in excess of \$72.3 million is deposited into the Classroom Site Fund.

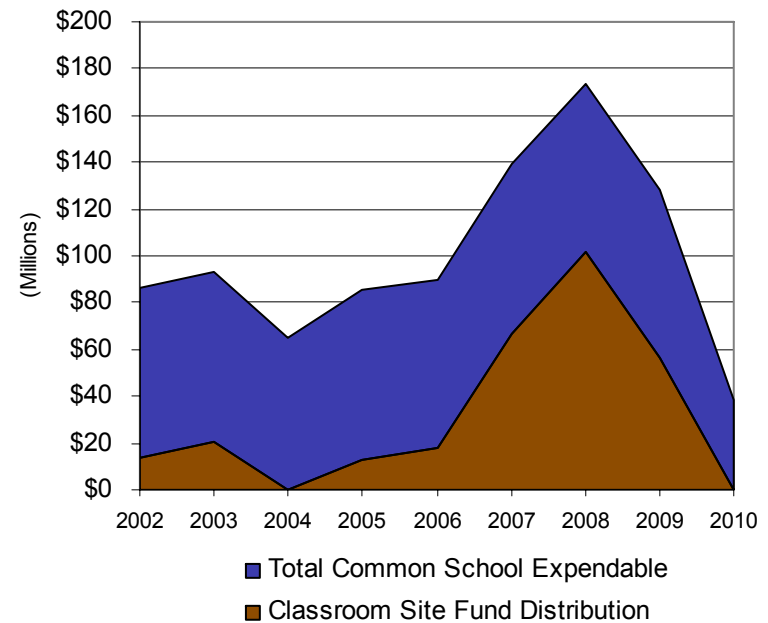
Common School Revenue (Millions)

Fiscal Year	2007	2008	2009	2010
Permanent Fund Revenue	182.7	238.5	138.5	91.7
Treasurer's Distribution	32.4	69.3	54.3	0.0
Rent & Interest	106.9	104.4	74.1	38.1
Total Expendable	139.2	173.7	128.4	38.1
Base Year Amount	(72.3)	(72.3)	(72.3)	(72.3)
Classroom Site Fund	67.0	101.4	56.2	0.0

Common Schools Expendable Earnings FY 2001 - 2010



Classroom Site Fund FY 2002 - 2010



Fund and Beneficiary Summary

University Grants

- Arizona's three universities (Arizona State University, Northern Arizona University, and the University of Arizona) are the beneficiaries of six Trust grants.
- The total expendable revenue distributed to the Board of Regents and then to the universities to fund their operations was \$2.9 million in FY 2010. An additional \$0.5 million was earned and added to the permanent funds for the six grants, bringing the total Permanent Fund balance to \$54.6 million.
- The Board of Regents distributes the expendable earnings from the six grants to the University of Arizona, Northern Arizona University and Arizona State University as follows:

Board of Regents Distribution of Trust Revenues to the Universities

Grant	Distribution
Agricultural & Mechanical Colleges	1/2 to UA and the other 1/2 split between the three universities based on engineering credit hours
Military Institutes Grant	Split between the three universities based on credit hours
University Land Code	Split between the three universities based on credit hours
Normal Schools	1/3 to each university
UA 1881 Grants	UA
School of Mines Grant	UA

TOTAL UNIVERSITY GRANTS FY 2010

SURFACE LEASES	ACRES	INCOME
Agriculture	13,557	\$285,858.82
Commercial	51,676	\$671,383.11
Grazing	597,876	\$207,308.82
Rights-of-Way	7,865	\$186,693.13
Use Permits	30,495	\$1,197,381.67
Institutional Taking	5,151	\$1,050.65
U.S. Government	299	\$7,200.04
Other	0	\$300.00
TOTAL SURFACE	706,918	\$2,557,176.24

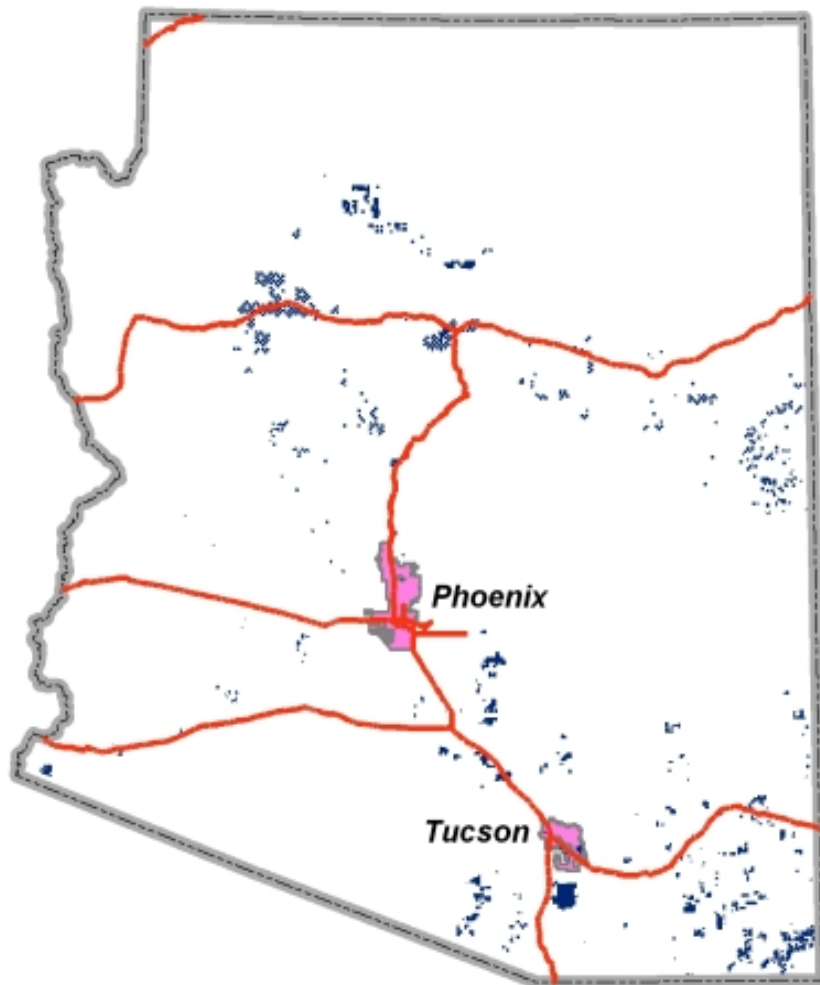
SUBSURFACE LEASES		
Prospecting Permit	13,183	\$302,568.71
Mineral Material	120	\$10,560.09
Oil & Gas	55,208	\$34,546.29
U.S. Government	299	\$0.00
TOTAL SUBSURFACE	68,809	\$347,675.09

Penalty & Interest	\$14,432.26
Treasurer's Formula Distribution	\$0.00
GRAND TOTAL EXPENDABLE	\$2,919,283.59

Permanent Fund Receipts	\$498,589.45
Permanent Fund Balance	\$54,637,000.00

Fund and Beneficiary Summary

University Grants



Northern Arizona University

There are 87 different academic programs that let students tailor their educations to any career.
(Photo courtesy of Northern Arizona University)



University of Arizona

Samantha Kendrick, a cancer biology graduate student doing her dissertation project in Hurley's lab, received the 2010 UA Student Technology Innovation Award for her work. (Photo courtesy of the University of Arizona)



Arizona State University

Danielle Orsillo scored 12 points for Arizona State as the Sun Devils hosted the Cardinal on February 25th.
(Photo by Tom Story and courtesy of Arizona State University)

Fund and Beneficiary Summary

University Grants

NORMAL SCHOOLS GRANT ACRES AND INCOME - FY 2010

SURFACE LEASES	ACRES	INCOME
Agriculture	165	\$779.84
Commercial	22,539	\$21,960.87
Grazing	146,026	\$51,042.02
Rights-of-Way	1,650	\$49,383.96
Use Permits	4,317	\$6,160.76
Institutional Taking	2,721	\$0.00
U.S. Government	184	\$7,200.04
TOTAL SURFACE	177,601	\$136,527.49
SUBSURFACE LEASES		
Prospecting Permit	9,228	\$47,952.42
Mineral Material	120	\$10,560.09
Oil & Gas	2,858	-\$7.58
U.S. Government	184	\$0.00
TOTAL SUBSURFACE	12,390	\$58,504.93
Penalty & Interest		\$1,713.89
Treasurer's Formula Distribution		\$0.00
GRAND TOTAL EXPENDABLE		\$196,746.31
Permanent Fund Receipts		\$80,748.21
Permanent Fund Balance		\$2,284,000.00

AGRICULTURAL & MECHANICAL COLLEGES ACRES AND INCOME - FY 2010

SURFACE LEASES	ACRES	INCOME
Agriculture	251	\$2,659.78
Commercial	10,172	\$1,168.07
Grazing	107,163	\$36,961.08
Rights-of-Way	1,882	\$12,662.94
Use Permits	5,667	\$19,331.71
Institutional Taking	1,917	\$0.00
U.S. Government	86	\$0.00
TOTAL SURFACE	127,148	\$72,783.58
SUBSURFACE LEASES		
Prospecting Permit	970	\$3,906.04
Oil & Gas	6,781	\$7,260.94
U.S. Government	86	\$0.00
TOTAL SUBSURFACE	7,836	\$11,166.98
Penalty & Interest		\$310.85
Treasurer's Formula Distribution		\$0.00
GRAND TOTAL EXPENDABLE		\$84,261.41
Permanent Fund Receipts		\$153,222.79
Permanent Fund Balance		\$6,249,000.00

MILITARY INSTITUTES ACRES AND INCOME - FY 2010

SURFACE LEASES	ACRES	INCOME
Commercial	1,935	\$38,233.00
Grazing	76,749	\$29,656.67
Rights-of-Way	270	\$4,778.52
Use Permits	40	\$2,151.68
TOTAL SURFACE	78,994	\$74,819.87
SUBSURFACE LEASES		
Oil & Gas	18,471	\$1,920.00
TOTAL SUBSURFACE	18,471	\$1,920.00
Penalty & Interest		\$2,440.28
Treasurer's Formula Distribution		\$0.00
GRAND TOTAL EXPENDABLE		\$79,180.15
Permanent Fund Receipts		\$0.00
Permanent Fund Balance		\$352,000.00

Fund and Beneficiary Summary

University Grants

SCHOOL OF MINES ACRES AND INCOME - FY 2010

SURFACE LEASES	ACRES	INCOME
Agriculture	2,485	\$36,534.98
Commercial	8,483	\$7,476.59
Grazing	111,207	\$38,312.40
Rights-of-Way	1,050	\$18,459.93
Use Permits	12,529	\$6,101.77
U.S. Government	17	\$0.00
TOTAL SURFACE	135,770	\$106,885.67
SUBSURFACE LEASES		
Prospecting Permit	2,551	\$186,836.56
Oil & Gas	12,393	\$13,123.32
U.S. Government	17	\$0.00
TOTAL SUBSURFACE	14,961	\$199,959.88
Penalty & Interest		\$492.80
Treasurer's Formula Distribution		\$0.00
GRAND TOTAL EXPENDABLE		\$307,338.35
Permanent Fund Receipts		\$86,060.73
Permanent Fund Balance		\$7,541,000.00

UNIVERSITY LAND CODE ACRES AND INCOME - FY 2010

SURFACE LEASES	ACRES	INCOME
Agriculture	3,626	\$65,864.16
Commercial	8,238	\$515,231.11
Grazing	117,855	\$39,629.11
Rights-of-Way	2,226	\$26,395.89
Use Permits	5,171	\$1,099,398.48
Institutional Taking	107	\$1,050.65
U.S. Government	8	\$0.00
Other	0	\$300.00
TOTAL SURFACE	137,231	\$1,747,869.40
SUBSURFACE LEASES		
Prospecting Permit	115	\$63,233.69
Oil & Gas	14,585	\$12,129.51
U.S. Government	8	\$0.00
TOTAL SUBSURFACE	14,708	\$75,363.30
Penalty & Interest		\$1,298.72
Treasurer's Formula Distribution		\$0.00
GRAND TOTAL EXPENDABLE		\$1,824,531.42
Permanent Fund Receipts		\$16,594.54
Permanent Fund Balance		\$12,256,000.00

UNIVERSITY OF ARIZONA - 1881 ACRES AND INCOME - FY 2010

SURFACE LEASES	ACRES	INCOME
Agriculture	7,030	\$180,020.06
Commercial	308	\$87,313.47
Grazing	38,876	\$11,707.54
Rights-of-Way	787	\$75,011.89
Use Permits	2,761	\$64,237.27
Institutional Taking	406	\$0.00
U.S. Government	4	\$0.00
TOTAL SURFACE	50,173	\$418,290.23
SUBSURFACE LEASES		
Prospecting Permit	320	\$640.00
Oil & Gas	120	\$120.00
U.S. Government	4	\$0.00
TOTAL SUBSURFACE	444	\$760.00
Penalty & Interest		\$8,175.72
Treasurer's Formula Distribution		\$0.00
GRAND TOTAL EXPENDABLE		\$427,225.95
Permanent Fund Receipts		\$161,963.19
Permanent Fund Balance		\$25,955,000.00

Fund and Beneficiary Summary

Other Grants

- The remaining six Trust beneficiaries are the School for the Deaf & Blind; the Legislative, Executive and Judicial Buildings; the State Hospital; the Pioneers' Home; the Department of Juvenile Corrections; and the Department of Corrections. These six beneficiaries were authorized in the Enabling Act and received 100,000 acres, except for the State Charitable Grant which received 200,000 acres. A chart showing the connection between the grants and the beneficiaries is provided below.
- The Pioneers' Home received a total of \$4,137,226.44 in expendable receipts in FY 2010.
- The Department of Juvenile Corrections received \$1,335,452.81 in FY 2010.
- The Department of Corrections received a total of \$2,699,731.84 in expendable receipts in FY 2010.

<u>Grant</u>	<u>Beneficiary</u>
School for Deaf & Blind.....	School for Deaf & Blind
Legislative, Executive & Judicial Buildings.....	Legislature, Executive & Judicial Branch
State Hospital.....	State Hospital
Miners' Hospital (2 Grants).....	Pioneers' Home
State Charitable, Penal & Reformatory	50% Pioneers' Home
	25% Dept. of Juvenile Corrections
	25% Dept. of Corrections
Penitentiary	Dept. of Corrections

Arizona Department of Juvenile Corrections
Black Canyon School (BCS) operates intake and secure programming for youth. BCS (pictured to the right) houses all female youth and is located in Phoenix. *(Photo courtesy of the Arizona Department of Juvenile Corrections)*



Arizona State Schools for the Deaf and Blind
Henry C. White was the first principal, appointed by Governor George W. P. Hunt, and classes began in October, 1912. Nineteen children with hearing loss were the first students, and classes were held in a converted residence on the campus of the University of Arizona in Tucson. *(Photo courtesy of the Arizona State Schools for the Deaf and Blind)*

Fund and Beneficiary Summary

Other Grants

SCHOOL FOR THE DEAF & BLIND ACRES AND INCOME - FY 2010

SURFACE LEASES	ACRES	INCOME
Agriculture	2,638	\$68,079.29
Commercial	1,453	\$23,521.53
Grazing	72,540	\$27,471.38
Rights-of-Way	817	\$18,569.18
Use Permits	10,314	\$14,733.99
Institutional Taking	1	\$0.00
U.S. Government	32	\$0.00
TOTAL SURFACE	87,795	\$152,375.37
SUBSURFACE LEASES		
Prospecting Permit	1,122	\$5,283.80
Oil & Gas	6,502	\$6,502.45
U.S. Government	32	\$0.00
TOTAL SUBSURFACE	7,656	\$11,786.25
Penalty & Interest		\$605.95
Treasurer's Formula Distribution		\$0.00
GRAND TOTAL EXPENDABLE		\$164,767.57
Permanent Fund Receipts		\$433,850.12
Permanent Fund Balance		\$2,969,000.00

LEGISLATIVE, EXECUTIVE, & JUDICIAL BUILDINGS ACRES AND INCOME - FY 2010

SURFACE LEASES	ACRES	INCOME
Agriculture	2,180	\$27,547.83
Commercial	5	\$24,600.00
Grazing	56,406	\$24,123.04
Rights-of-Way	1,392	\$54,169.98
Use Permits	5,062	\$7,335.04
U.S. Government	92	\$0.00
TOTAL SURFACE	65,137	\$137,775.89
SUBSURFACE LEASES		
Prospecting Permit	1,479	\$113,419.44
U.S. Government	92	\$0.00
TOTAL SUBSURFACE	1,571	\$113,419.44
Penalty & Interest		\$1,100.56
Treasurer's Formula Distribution		\$0.00
GRAND TOTAL EXPENDABLE		\$252,295.89
Permanent Fund Receipts		\$201.15
Permanent Fund Balance		\$5,117,000.00

STATE HOSPITAL ACRES AND INCOME - FY 2010

SURFACE LEASES	ACRES	INCOME
Agriculture	4,251	\$114,801.21
Commercial	268	\$58,874.49
Grazing	57,770	\$23,556.50
Rights-of-Way	903	\$29,349.99
Use Permits	4,919	\$16,401.79
Institutional Taking	80	\$14,685.00
U.S. Government	108	\$0.00
Other	0	\$1,080.00
TOTAL SURFACE	68,300	\$258,748.98
SUBSURFACE LEASES		
Mineral	60	\$16,572.00
Prospecting Permit	1,120	\$2,240.00
Mineral Material	77	\$11,000.00
Oil & Gas	315	\$314.60
U.S. Government	108	\$0.00
TOTAL SUBSURFACE	1,680	\$30,126.60
Penalty & Interest		\$15,374.48
Treasurer's Formula Distribution		\$0.00
GRAND TOTAL EXPENDABLE		\$304,250.06
Permanent Fund Receipts		\$198,595.34
Permanent Fund Balance		\$3,768,000.00

Fund and Beneficiary Summary

Other Grants

MINERS' HOSPITAL*

ACRES AND INCOME - FY 2010

SURFACE LEASES	ACRES	INCOME
Agriculture	12,936	\$404,841.07
Commercial	580	\$872,342.91
Grazing	73,515	\$23,536.73
Rights-of-Way	1,642	\$40,986.73
Use Permits	4,298	\$81,604.28
Institutional Taking	1	\$0.00
U.S. Government	168	\$0.00
TOTAL SURFACE	93,139	\$1,423,311.72
SUBSURFACE LEASES		
Mineral	119	\$741.90
Prospecting Permit	1,200	\$18,326.45
Mineral Material	230	\$20,239.91
Oil & Gas	5,449	\$640.00
U.S. Government	168	\$0.00
TOTAL SUBSURFACE	7,166	\$39,948.26
Penalty & Interest		\$3,060.83
Treasurer's Formula Distribution		\$0.00
GRAND TOTAL EXPENDABLE		\$1,466,320.81
Permanent Fund Receipts		\$797,811.96
Permanent Fund Balance		\$10,751,000.00

STATE CHARITABLE, PENAL, & REFORMATORY

ACRES AND INCOME - FY 2010

SURFACE LEASES	ACRES	INCOME
Agriculture	3,997	\$134,845.98
Commercial	3,401	\$511,298.32
Grazing	62,845	\$26,180.84
Rights-of-Way	1,844	\$41,759.40
Use Permits	5,801	\$4,434,769.04
Institutional Taking	475	\$66,157.48
U.S. Government	117	\$0.00
TOTAL SURFACE	78,480	\$5,215,011.06
SUBSURFACE LEASES		
Mineral	160	\$120.00
Mineral Material	186	\$97,742.33
Oil & Gas	1,268	\$0.00
U.S. Government	117	\$0.00
TOTAL SUBSURFACE	1,732	\$97,862.33
Penalty & Interest		\$19,471.79
Sales Interest		\$9,466.08
Treasurer's Formula Distribution		\$0.00
GRAND TOTAL EXPENDABLE		\$5,341,811.26
Permanent Fund Receipts		\$760,675.58
Permanent Fund Balance		\$75,026,000.00

PENITENTIARY

ACRES AND INCOME - FY 2010

SURFACE LEASES	ACRES	INCOME
Agriculture	4,717	\$219,514.72
Commercial	459	\$706,771.16
Grazing	65,932	\$25,217.16
Rights-of-Way	490	\$309,895.29
Use Permits	15,011	\$96,127.76
Institutional Taking	1,778	\$0.00
U.S. Government	5	\$0.00
TOTAL SURFACE	88,388	\$1,357,526.09
SUBSURFACE LEASES		
U.S. Government	5	\$0.00
TOTAL SUBSURFACE	5	\$0.00
Penalty & Interest		\$4,953.94
Treasurer's Formula Distribution		\$1,799.00
GRAND TOTAL EXPENDABLE		\$1,364,279.03
Permanent Fund Receipts		\$171,137.71
Permanent Fund Balance		\$7,837,000.00

*Miners' Hospital and Miners' 1929 combined

Financial Schedules

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Financial Schedules

RECEIPTS BY CATEGORY - FY 2010

	ROYALTY	SALES PRINCIPAL	SALES INTEREST	LEASE RENTAL	PENALTY & INTEREST	OTHER RECEIPTS	TOTAL
Common Schools (K - 12)	22,891,159.24	68,759,584.03	1,307,641.04	36,356,246.32	482,910.08	0.00	129,797,540.71
Normal Schools	72,020.15	8,728.06	0.00	195,032.42	1,713.89	0.00	277,494.52
A&M Colleges	2,279.03	150,943.76	0.00	83,950.56	310.85	0.00	237,484.20
Military Institutes	0.00	0.00	0.00	76,739.87	2,440.28	0.00	79,180.15
School of Mines	30,426.19	55,634.54	0.00	306,845.55	492.80	0.00	393,399.08
University Land Code	3,595.49	12,999.05	0.00	1,823,232.70	1,298.72	0.00	1,841,125.96
U of A (Act of 2/18/1881)	82,242.93	79,720.26	0.00	419,050.23	8,175.72	0.00	589,189.14
School for the Deaf & Blind	1,392.04	432,458.08	0.00	164,161.62	605.95	0.00	598,617.69
Leg., Exec & Judicial	201.15	0.00	0.00	251,195.33	1,100.56	0.00	252,497.04
State Hospital	87,741.31	110,854.04	0.00	288,875.58	15,374.48	0.00	502,845.40
Miners' Hospital*	111,065.01	686,746.95	0.00	1,463,259.98	3,060.83	0.00	2,264,132.77
St Char., Pen. & Ref	511,731.10	248,944.48	9,466.08	5,312,873.39	19,471.79	0.00	6,102,486.84
Penitentiaries	60,354.32	110,783.39	0.00	1,357,526.09	4,953.94	0.00	1,533,617.74
School Leases	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Commercial Prepayment	0.00	0.00	0.00	0.00	0.00	244,202.79	244,202.79
Total Schools & Institutions	23,854,207.95	70,657,396.64	1,317,107.12	48,098,989.64	541,909.89	244,202.79	144,713,814.03
GENERAL FUND							
F.E.M.A. Lands	35,000.00	0.00	0.00	38,628.00	0.00	0.00	73,628.00
Farm Loan Lands	0.00	0.00	0.00	11,043.34	21.50	0.00	11,064.84
Navigable Streambeds	0.00	0.00	0.00	67,326.42	546.37	0.00	67,872.79
Lands Held in Trust	0.00	0.00	0.00	22,198.54	1,394.09	0.00	23,592.63
Fees: Lease, Sale & Misc**	0.00	0.00	0.00	0.00	0.00	(562,042.88)	(562,042.88)
Total General Fund	35,000.00	0.00	0.00	139,196.30	1,961.96	(562,042.88)	(385,884.62)
Trust Land Management Fund	2,650,467.52	7,850,821.79	0.00	0.00	0.00	600,000.00	11,101,289.31
TOTAL RECEIPTS	26,539,675.47	78,508,218.43	1,317,107.12	48,238,185.94	543,871.85	282,159.91	155,429,218.72

*Miners' Hospital and Miners' 1929 combined

**Includes a prior year correction of (1,793,171.63)

Financial Schedules

RENTAL ACREAGE AND RECEIPTS FY 2010 BY TYPE OF LEASE

SURFACE LEASES	ACRES	RECEIPTS
Agriculture	163,186	4,494,449.22
Commercial	80,528	22,384,429.44
School Leases	*	0.00
Grazing	8,408,004	2,403,080.19
Homesite	8	4,819.03
Rights-of-Way	121,743	4,029,213.38
Use Permits	445,028	10,404,072.85
Institutional Taking	12,892	440,028.81
U.S. Government	18,291	418,761.41
Other	0	459,386.77
TOTAL SURFACE	9,249,679	\$45,038,241.10
SUBSURFACE LEASES		
Mineral	12,086	81,790.05
Exploration Permit	169,736	2,456,833.46
Mineral Material	1,552	261,384.00
Oil and Gas	571,637	399,937.33
U.S. Government	18,291	0.00
TOTAL SUBSURFACE	773,303	\$3,199,944.84
NON-LEASE REVENUES		
Penalty & Interest		543,871.85
Sales Interest		1,317,107.12
Royalty		26,539,675.47
Land Sales Principal		25,606,064.22
Rights-of-Way Sales Principal		52,246,441.95
Settlements		655,712.26
Commercial Prepayments		244,202.79
Fees**		37,957.12
TOTAL NON-LEASE REVENUES		\$107,191,032.78
GRAND TOTAL		\$155,429,218.72

*The acres for School Leases are included in the total for Commercial acres.

** Includes a prior year correction of (\$1,793,171.63)

Financial Schedules

TREASURER'S FORMULA DISTRIBUTION*

	YEAR ENDING JUNE 30 FY 2009	YEAR ENDING JUNE 30 FY 2010	INCREASE (DECREASE)	5/12/1912 TO DATE
Common Schools	54,309,120	0	(54,309,120)	1,146,372,228
Normal Schools Grant	76,203	0	(76,203)	2,477,895
Agricultural & Mechanical Colleges	272,442	0	(272,442)	8,445,178
Military Institutes Grant	15,237	0	(15,237)	1,204,936
School of Mines Grant	258,708	0	(258,708)	931,835
University Land Code	375,732	0	(375,732)	11,042,030
University of Arizona (Act Of 2/18/1881)	884,190	0	(884,190)	22,794,825
School for the Deaf & Blind	120,576	0	(120,576)	4,416,960
Legislative, Executive & Judicial Buildings	193,020	0	(193,020)	7,148,218
State Hospital Grant	134,340	0	(134,340)	3,477,005
Miners' Hospital Grant**	240,495	0	(240,495)	6,790,685
State Charitable, Penal, and Reformatory	2,276,353	0	(2,276,353)	25,975,433
Penitentiary Grant	202,659	1,799	(200,860)	4,407,510
TOTAL	59,359,075	1,799	(59,357,276)	1,245,484,738

*Information from the State Treasurer

**Miners' Hospital & Miners' Hospital 1929 combined

Financial Schedules

STATE TRUST LAND ACREAGE BY BENEFICIARY

BENEFICIARY	FY 1978	FY 2010
Common Schools (K - 12)*	8,342,469	8,096,064
Normal Schools Grant	172,405	174,798
Agricultural & Mechanical Colleges	134,469	124,944
Military Institutes Grant	82,945	80,168
School of Mines Grant	132,882	123,254
University Land Code	166,354	137,909
University of Arizona (Act Of 2-18-1881)	62,216	54,101
School for the Deaf & Blind	84,209	82,560
Legislative, Executive & Judicial Buildings	66,660	64,257
State Hospital Grant	79,198	71,248
Miners' Hospital	48,648	47,742
Miners' Hospital (1929)	53,311	47,686
State Charitable, Penal, and Reformatory	80,010	77,229
Penitentiary Grant	80,830	76,111
TOTAL	<u>9,586,606</u>	<u>9,258,071</u>

*Includes County Bonds

Financial Schedules

**AUCTIONS OF LEASES WITH AND WITHOUT THE
PREFERRED RIGHT TO MATCH THE HIGHEST BID
(REPORT REQUIRED BY A.R.S.§37-132)**

AUCTION DATE	LEASE #	PARCEL LOCATION	PREFERRED RIGHT	NO. OF BIDDERS	PREFERENCE EXERCISED REVENUE	MINIMUM BID	BONUS BID	SUM BASE RENTAL
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No applicable auctions for FY 2010







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