

ARIZONA STATE LAND DEPARTMENT ANNUAL REPORT 2010 - 2011

Janice K. Brewer
Governor

Maria Baier
State Land Commissioner



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



CONTENTS

Message From the Commissioner	1
Historical Overview	3
Organizational Chart.....	5
NRCD Environmental Education	6
Major Transactions and Leases	7
Cooperating to Secure Arizona’s Borders	8
Natural Resources	9
Major Lease Updates: ASARCO & Freeport McMoRan	9
Geothermal Developments: Ridgeway & GreenFire Energy.....	9
Comments on Federal Proposals	10
Crossroads East: City of Scottsdale Rezoning	11
Superstition Vistas.....	12
ADOT I-10 & State Route 303 Interchange Project.....	13
Statewide Broadband Project: Data Collection and Mapping	14
Renewable Energy Developments	15
The Arizona Solar Energy Viewer.....	15
Preparing for Renewable Energy Development	16
Wind Developments: Dry Lake Winds Project.....	16
Wind Developments: Perrin Ranch.....	17
Preserve Land.....	18
Five Year Plan.....	19
State Trust Land Uses	20
Land Ownership and Management	21
Board of Appeals	23
Fiscal Year 2011	24
Permanent Fund	26
Expendable Revenue.....	27
Fund and Beneficiary Summary	28
Common Schools K - 12	29
University Grants	31
Other Grants	35
Financial Schedules.....	38
Receipts by Category	39
Rental Acreage and Receipts	40
Treasurer’s Formula Distribution	41
State Trust Land Acreage by Beneficiary	42
Auctions of Leases With and Without Preferred Right	43



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, Bill Webster, Bruce Davis, Joe Dixon, Keenan Murray, Max Masel, Rebecca Molina, Ronnie Tsosie, Chuck Vencill, Raymond Moore, Ghaleb Yassine, and Steve Ross

MESSAGE FROM THE COMMISSIONER



Maria Baier
Arizona State Land
Commissioner

September 1, 2011

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 2011 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 to support the Trust. Even in these economically challenging times, 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 Department sold 5,599 carefully selected acres that earned in excess of \$85 million in permanent receipts, an increase of approximately \$66 million over last year. We also have seen significant revenue from other sources. For example, the royalty receipts from mineral sales continued to improve with \$39.8 million in receipts this year, an increase of approximately \$13.2 million over last year. In addition, we had noteworthy revenue increases in agriculture, grazing, and commercial leases this year. All in all, the Department brought in over \$190 million in revenue in FY2011.

The Department continues to carry a large outstanding balance for previous sales that are financed through the Department. The beneficiaries will earn interest on the balance at a rate averaging from 5% to 11% for an average term of seven years. The total outstanding receivable balance from term sales is \$535.2 million, which earns interest daily. The revenue earned on this balance will be distributed to our beneficiaries over the next several years. In addition, the payments on the remaining principal will be deposited in the Permanent Fund in future years.

During this past year, the Department has worked closely with several of the buyers that financed their land through the Department. Many bought at or near the peak of the market and are unable to make their scheduled payments in the current market at this time. They have not been able to progress as quickly with their development of the land, which has reduced their cash flow. Given the record-high price paid for this land, it is usually in the best interest of the Trust to work with the buyers to extend their payment for this land. In addition, SB1228 was passed last year which allows the

Department to increase the extension time given for long-term commercial lessees to make payments on the balance due for their rentals.

It is important to note, that the Department also implemented a vast IT update which included a virtual desktop network for all employees in FY2011. With this update the Department was able to improve its desktop systems as well as implement strategic upgrades to our GIS mapping systems. These improvements have helped the Department become more efficient and responsive to the many requests and inquiries we receive.

Finally, the Department's five-year plan is complete and received unanimous approval from the Urban Land Planning Oversight Committee. Per A.R.S. §37-133.03, the five-year plan represents potential areas of concentration for the Department to consider for land sales and long term leases on behalf of our beneficiaries. The plan streamlines the Department's disposition efforts by identifying priority parcels for sale or lease.

Thank you for the opportunity to serve Arizona and the Trust beneficiaries as the State Land Commissioner. The opportunities 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 interest of those we serve.

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.

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.”



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 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. The 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.

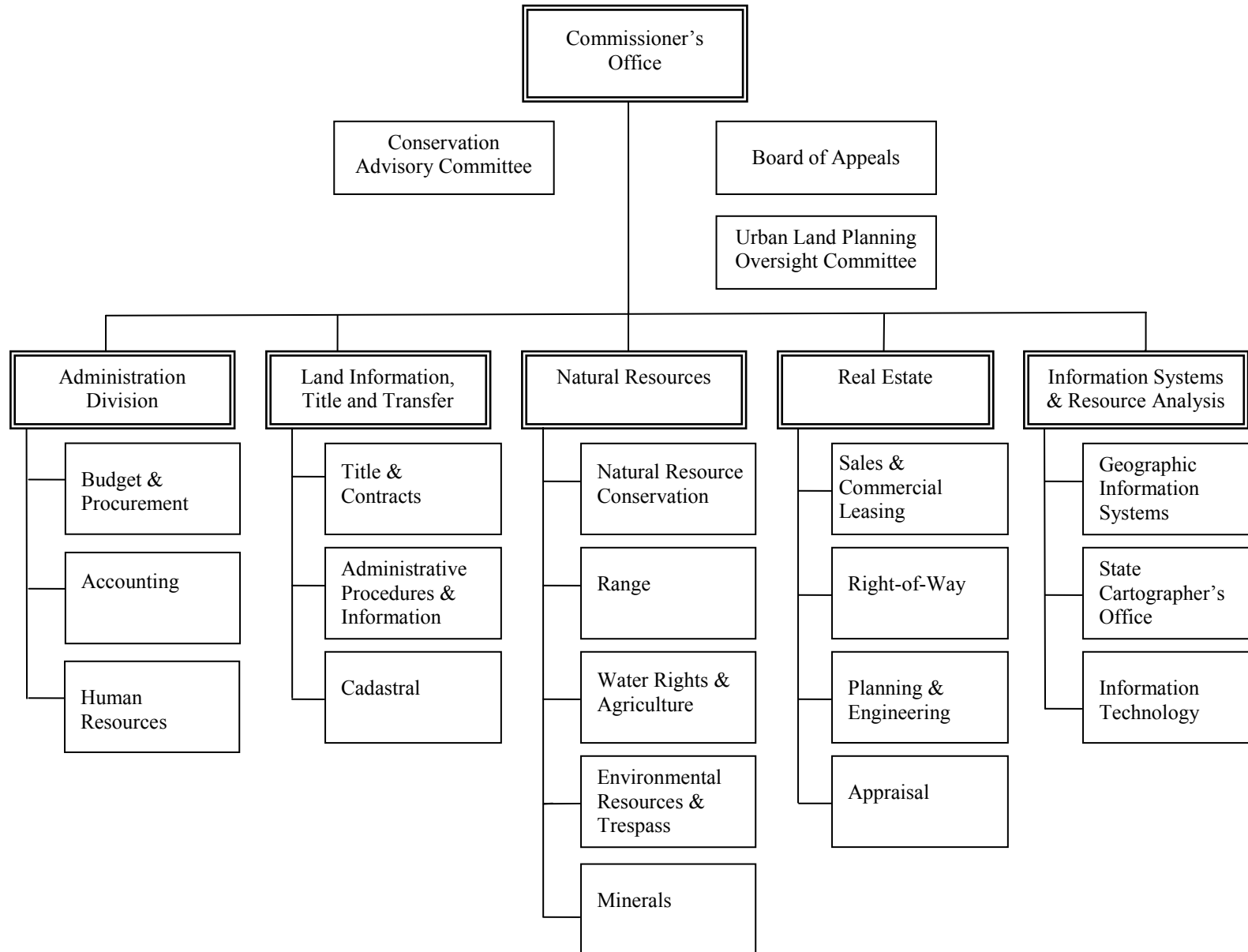
Today, the original school section pattern exists only in a few locations such as the remote Arizona Strip. About three-quarters of the school section acreage was relocated through selections and exchanges that have consolidated the Trust lands into large blocks in Pinal, Pima, Graham, Greenlee, and 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 and 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 2010 – 2011 school year, this Natural Resource Education Center presented 50 field days at Central Arizona College, ventured on 10 classroom visits, and participated in three community events. In total, the Center instructed 4,642 children and 441 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 efforts to inform and educate the residents of Arizona through the Natural Resource Conservation District Environmental Education Program.



MAJOR TRANSACTIONS/LEASES

- \$44,100,000 — The City of Scottsdale purchased 2,000.59 acres on 10/15/2010. The land is part of the McDowell Sonoran Preserve and is located east of Pima Road and north of Dixileta Drive.
- \$25,850,000 — The City of Phoenix purchased 1,139.21 acres on 10/15/2010. The land is part of the Sonoran Preserve and is located south of the Carefree Highway, east of I-17.
- \$29,025,862 — Mineral lease 11-98925 to ASARCO LLC for 574.79 acres.
- \$15,000,000 — DJL Enterprises, LLC purchased 68.87 acres on 1/6/2011 for the Bullhead City waterfront project.
- \$11,875,000 — Coconino County purchased 2,249.04 acres on 11/1/2010 for their Preserve/ Conservation Area.
- \$ 8,899,406 — Mineral lease 11-113183 to Freeport Morenci for 331.79 acres.



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)

Did You Know?

- The Department processed 1,153 new customer applications, issued 7,454 recreational use permits, and retrieved 7,066 lease and contract files for customers.
- ASLD Public Records Central Files answered more than 2,219 email and phone customer inquiries.
- It took 85 years to reach a permanent funds balance of \$1 billion in 2001. The current book value is \$2.5 billion.

Facts and Figures Land Auctioned FY 2011

	Acres Sold	Total Sales Price	Acres Leased	Minimum Cumulative Lease Revenue
Urban	3,341.23	\$92,484,686.00	59.78	\$1,000,000.00
Rural	2,257.71	\$11,886,900.00	0	\$0
TOTAL	5,598.94	\$104,371,586.00	59.78	\$1,000,000.00

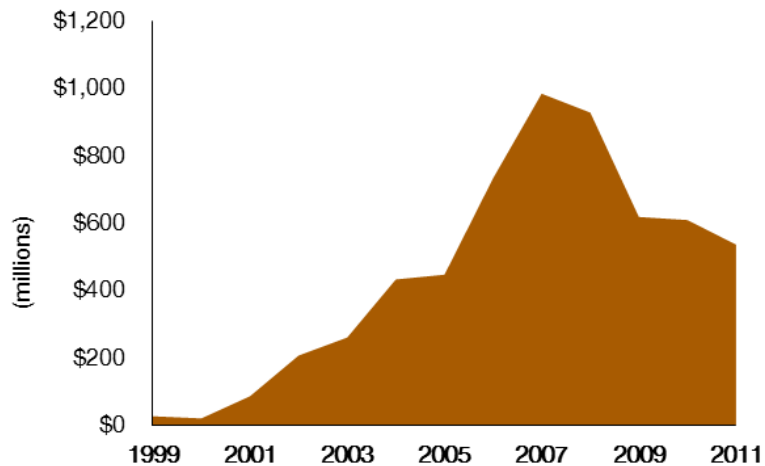
Did You Know?

- By Statute, all major Land Department transactions must be substantiated by an appraisal to help protect the Trust beneficiaries.
- The current appraisal staff consists of three appraisers with a combined 60 years of experience.
- During the past year, the Appraisal Section either appraised or contracted out for appraisal over 100 assignments totaling \$350,000,000 in combined land value.



The Morenci Public School in Morenci, Arizona (Photo courtesy of Arizona State Library, Archives and Public Records, History and Archives Division, Phoenix #04-6649)

Certificate of Purchase Balance



CONTINUED COOPERATION TO SECURE ARIZONA'S BORDERS

So they can continue their border security efforts, The Department continues to work 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.

NATURAL RESOURCES

MAJOR LEASE UPDATES: ASARCO & FREEPORT MCMORAN

For the second straight year, the Department received a record income of \$41 million in FY2011 from minerals-related activities. As with last year, the majority of this income was from an older Mineral Lease with ASARCO's Mission Mine in Pima County that generated \$29.0 million. This Mineral Lease expired on December 31, 2010, but the renewal process was already underway for several months prior to its expiration and was finalized in May 2011. The Department's other big Mineral Lease, signed October 23, 2009 with Freeport McMoRan for their Morenci Mine in Greenlee County, generated \$8.9 million in royalty income in FY2011. Income from common variety sand, gravel, and other aggregates operations continued their decline from the peak of \$6.2 million in FY2006 to \$1.1 million in FY2011, continuing to reflect the depressed market for these commodities. However, the Department did hold four Mineral Material auctions during FY2011, and although all were relatively small in area and volume of material to be mined, this bodes well for the future.



GEOTHERMAL DEVELOPMENTS: RIDGEWAY & GREENFIRE ENERGY

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). The ASLD would collect royalties on both the CO₂ and the geothermal energy produced from the St. Johns Field. GreenFire Energy continued its efforts to develop a geothermal energy project in the St. Johns – Springerville area of Apache County. In September 2010, GreenFire Energy received a \$2 million grant from the U.S. Department of Energy and plans to use at least part of that money to drill a geothermal test hole, probably during the second half of FY2012.

**LEASES AND PERMITS/REVENUE PRODUCTION
FY 2011**

COMMENTS ON FEDERAL PROPOSALS

Recognizing a potential negative fiscal impact of the U.S. Bureau of Land Management's proposed withdrawal of Federal lands in Northern Arizona on State Trust land, the Department continued to serve as a "Cooperating Agency." The benefit of participating as a Cooperating Agency (which is a technical term that defines a status) is the ability to participate early in the NEPA process and provide information specific to ASLD's interests to help inform BLM's decision making process. BLM's proposal would withdraw approximately one million acres of public lands for a period of 20 years from location and entry under the General Mining Law of 1872, specifically from uranium mining (the "Withdrawal"). The "Withdrawal" area includes approximately 57,617 acres of State Trust lands which, although is technically NOT off limits to uranium mining, would be difficult, if not impossible, to access if the "Withdrawal" is authorized. Over the past year, the Minerals Section read through the approximately one-thousand pages generated by the BLM for the associated Environmental Impact Statement (EIS) several times, providing comments and guidance back to the preparers. Although to date the EIS has not found any concrete evidence for harm to the Colorado River watershed from past or proposed future uranium mining activities, it is widely anticipated within the BLM, as well as by most impartial observers outside of the agency, that the "Withdrawal" will ultimately be approved by the Secretary of the Interior, Ken Salazar. It is expected that the Final EIS will be issued in late October or early November 2011, and that the decision on the "Withdrawal" will be reached before the end of 2011. ASLD will provide comments that are consistent with the Trust's mission of making thoughtful and productive use of the Trust's natural resources and to provide for the best interest of its beneficiaries.

Facts & Figures

	ACRES	NUMBER OF LEASES
Agriculture	156,575	354
Grazing	8,368,575	1,239
Mineral Material	1,515	15
Exploration Permits	485,773	916
Mineral	11,946	88
Oil & Gas	330,833	204
Mineral SLUPs	26,783	72

Number of Registrations and Water Rights Claims

Stockpond Registrations	4,305
Certificated Surface Water Rights	121
Well Registrations	2,789
Adjudication Statements of Claimant	7,027
Water Right Registrations	7,403
Grandfathered Groundwater Rights	241



Lease Rentals

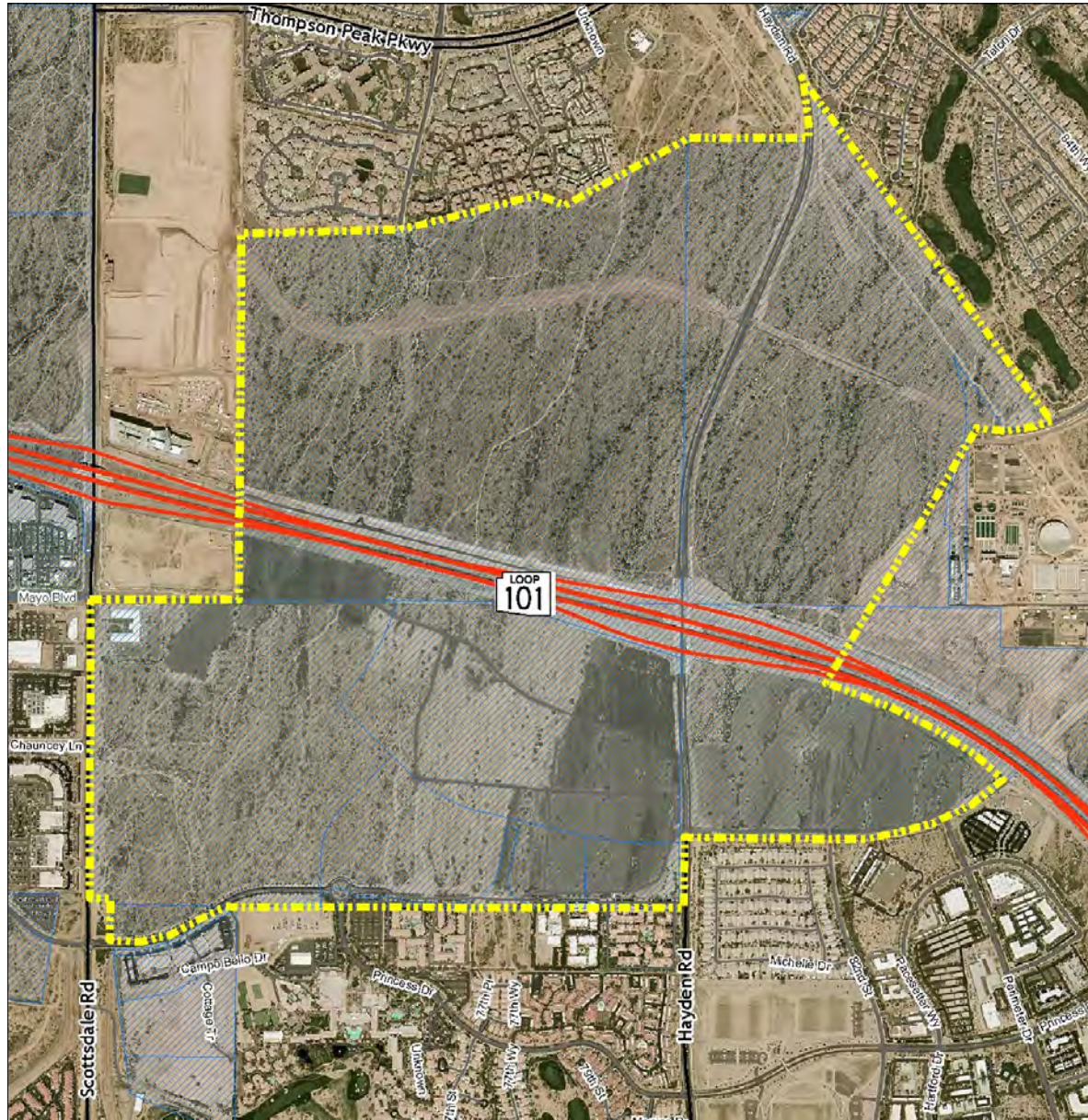
	INCOME
Agriculture	\$4,362,612
Grazing	\$2,390,769
Mineral Material	\$126,805
Exploration Permits	\$1,341,115
Mineral	\$61,013
Oil & Gas	\$457,623
Mineral SLUPs	\$181,571
TOTAL	\$8,921,508

Sale of Products

Public Auction Water Sales	\$366,283
Lease Water Charges	\$155,441
Mineral Royalties	\$38,025,560
Natural Products	\$1,209,114
TOTAL	\$39,756,398

Trespass Revenues

Settlements	\$26,919
Trespass Revenue	\$27,748
TOTAL	\$54,666
GRAND TOTAL	\$48,732,572



CROSSROADS EAST CITY OF SCOTTSDALE REZONING

During FY2011, the Department and the City of Scottsdale initiated a joint effort to revise the zoning within the Crossroads East Planned Community District. Crossroads East is located between Scottsdale and Pima roads and bisected by the Loop 101 Pima Freeway, and is composed of most of the remaining State Trust land within the Core North and Core South State Plats. These are the largest and last remaining contiguous development parcels in the City of Scottsdale and undoubtedly some of the most visible and valuable parcels in the State Trust inventory and the Southwest United States.

The purpose of this rezoning is twofold: to add C-3 “Highway Commercial” zoning to the allowable zoning districts within Crossroads East, which will allow auto sales on the site; and, to increase the dwelling unit density allowed under the Crossroads East R-5 “Multi-Family Residential” zoning district to the full 23 units per acre allowed in other R-5 districts in the City of Scottsdale.

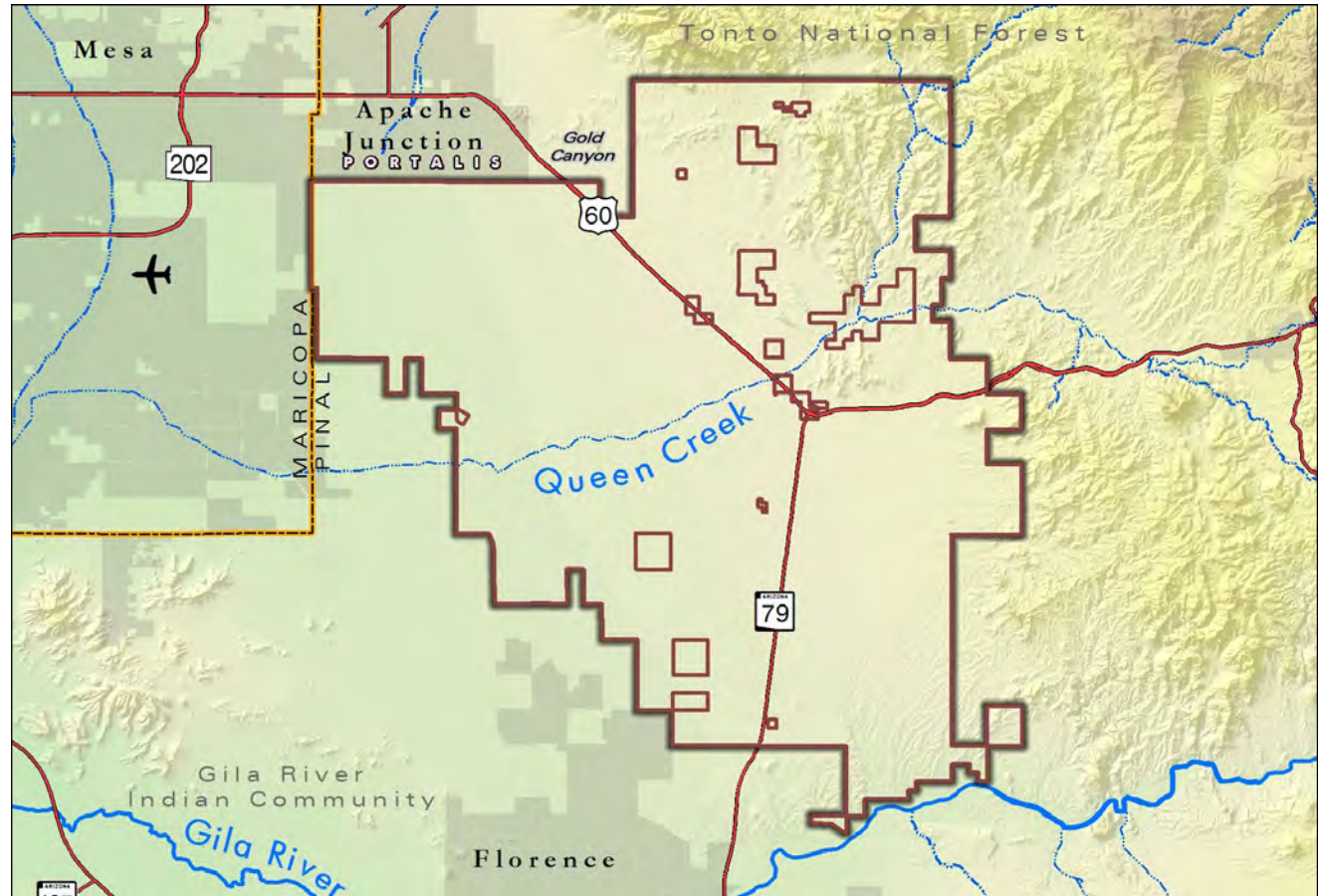
By making these changes, the Department will increase the marketability of Crossroads East. The ability to locate auto dealerships at Crossroads East will allow the City to retain existing dealerships and attract new ones, and multi-family is currently the most active sector in the residential housing market, with several new projects under consideration in the Scottsdale Airpark area. Together with existing Crossroads East zoning that allows mixed use, neighborhood commercial, office and light industrial land uses, this rezoning effort will enhance the value of Crossroads East and maximize future returns to the Trust.

SUPERSTITION VISTAS

Superstition Vistas is 275 square miles of contiguous State land located in Northeast Pinal County. This is an exciting project for the State Land Department because it is the largest Conceptual Plan completed in the history of the Department. Planning ahead for development on this scale will ultimately generate more revenue for the Trust.

The Land Department proposed an amendment to the Pinal County Comprehensive Plan for Superstition Vistas in June of 2011. This proposal was submitted after several years of effort on the part of the Department, and many stakeholders including Pinal County, Salt River Project, East Valley Partnership, City of Apache Junction, City of Mesa, Town of Queen Creek, Town of Florence, Catholic Healthcare West, Resolution Copper, and many others. A variety of interests came together to study the area and prepare a vision for its future development.

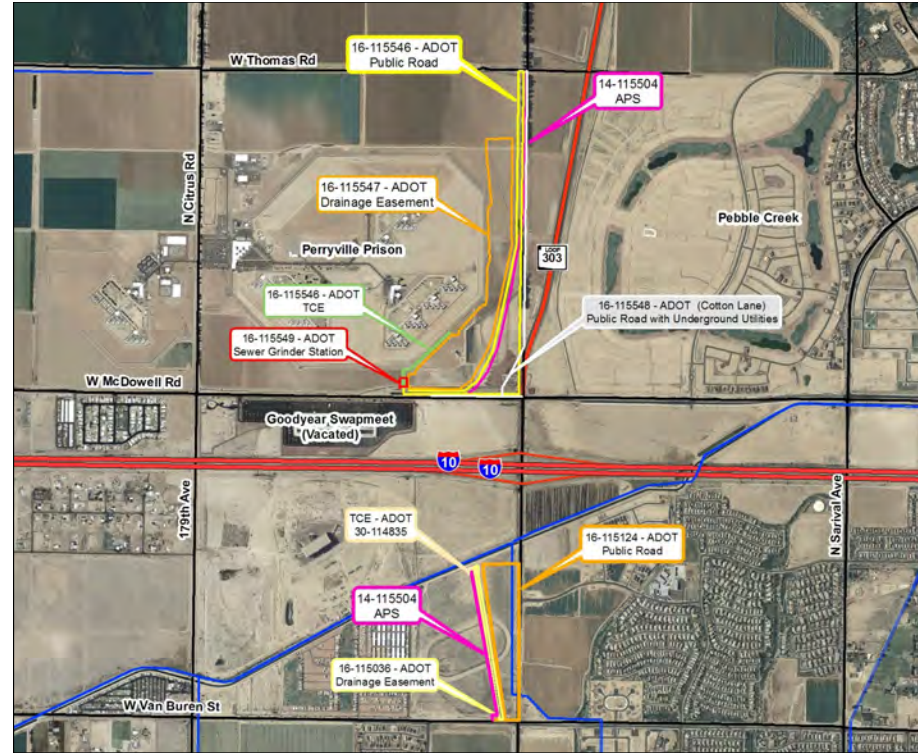
This vision was translated into the Comprehensive Plan Amendment that was submitted to Pinal County. Achieving this amendment is an important step for the Department because planning for infrastructure such as roads, water, and electricity can now be done with a more realistic picture of what will happen in this area in terms of future development. This means that we can plan for infrastructure in advance of development rather than retrofitting important infrastructure after development has occurred. If planning at this scale can be used as a starting point, then the provision of infrastructure can be done much more effectively and efficiently.



ADOT I-10 & STATE ROUTE 303 INTERCHANGE PROJECT

The Loop 303 (Bob Stump Memorial Parkway) is a 39-mile freeway stretching from Interstate 10 (Papago Freeway) in Goodyear to Interstate 17 (Black Canyon Freeway) in Phoenix. Loop 303 is designed to serve as an outer loop that will improve regional transportation in the Far West Valley. Historically operating as a two-lane roadway, the expansion to a four-lane divided highway from north of U.S. 60 to I-17 across numerous Trust land sections was completed in 2010. Construction of a new interchange at Loop 303 and U.S. 60 is currently scheduled to begin in 2015 and completed in 2017. Construction is now focused on the segment from I-10 at Cotton Lane in Goodyear north to the U.S. 60 in Surprise.

When completed in Fall 2014, the transportation interchange at Cotton Lane and I-10 will be the largest in the state, encompassing five layers of traffic across three lanes in each direction. Motorists can expect the Loop 303 to widen to a six-lane freeway (three lanes in each direction) extending from I-10 in Goodyear to U.S. 60 in Surprise. To facilitate construction ASLD will issue six rights-of-way for public road alignments, underground utilities and drainage easements adjacent to the Perryville Prison, two temporary construction easements to ADOT, and two rights of way for power lines. Relocation of APS power poles and the Duncan Farms compost operation located at the Northwest corner of McDowell Road and Cotton Lane were necessary to complete the road design and construction.



STATEWIDE BROADBAND PROJECT

DATA COLLECTION AND MAPPING

The Arizona State Land Department (ASLD), through its State Cartographer's Office and the Arizona Land Resource Information System (ALRIS) program, is participating in a large, statewide Broadband Internet Data Collection and Mapping Project. The project, called the Arizona Broadband Mapping and Planning Project, is a cooperative project between ASLD and the Arizona Strategic Enterprise Technology (ASET) Office. To implement the project, Arizona has received a set of American Recovery and Reinvestment Act (ARRA) grants from the U.S. Department of Commerce's National Telecommunications and Information Administration (NTIA). The purpose of the broadband mapping project is to collect and verify the availability, speed and location of broadband services across Arizona. This information will be publicly available and provided via an interactive, web-based map. The data and map will be updated on a semi-annual basis. The map will provide significantly increased access to information on the status of broadband services in Arizona to the public, local governments, and organizations involved with expansion and adoption of broadband services.



Arizona has received a set of American Recovery and Reinvestment Act (ARRA) grants from the U.S. Department of Commerce's National Telecommunications and Information Administration (NTIA). The purpose of the broadband mapping project is to collect and verify the availability, speed and location of

broadband services across Arizona. This information will be publicly available and provided via an interactive, web-based map. The data and map will be updated on a semi-annual basis. The map will provide significantly increased access to information on the status of broadband services in Arizona to the public, local governments, and organizations involved with expansion and adoption of broadband services.

ASLD staff are working directly with ASET staff and a team of private sector contractors on the project. While the bulk of the grant's funding is supporting the massive amount of work being done by the private sector contractors to collect, process and verify the data, some of the ARRA grant is helping to provide ASLD funds for staff time for its contributions to the project. Agency staff are developing the internet mapping application and a GIS database of locations of schools, libraries, hospitals, government office buildings and other facilities which will be included in the map. One of the most beneficial aspects of the project will be the development of an addressed street segment GIS database constructed by aggregating data sets from local governments. The project will be working with the ADOA 9-1-1 Office, county governments, and ADOT to help improve the quality of the GIS-based street network for Arizona.

RENEWABLE ENERGY DEVELOPMENTS

THE ARIZONA SOLAR ENERGY VIEWER

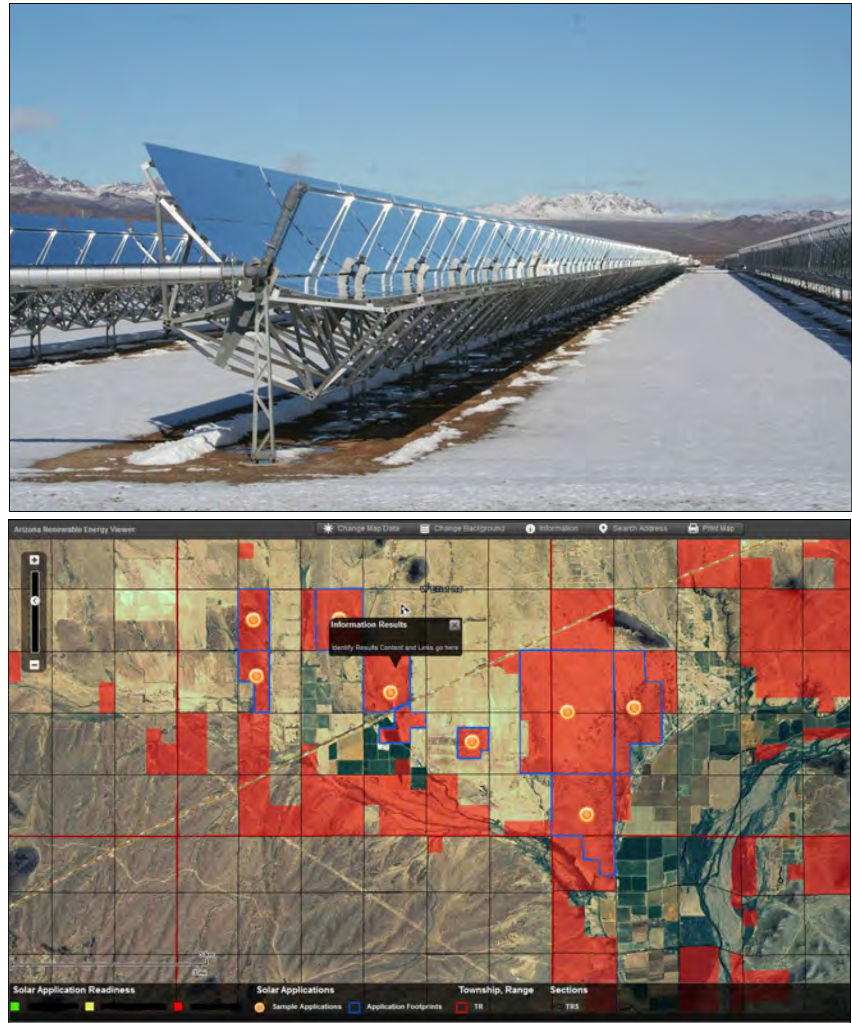
Arizona has some of the best potential for development of solar energy resources in the nation. The rapid expansion of Arizona's renewable energy industry will help create new jobs, sustain domestic energy supplies, and develop potential export supplies for the 21st century. With over nine million acres of State Trust land, the Arizona State Land Department is in a unique position to assist in the development of renewable energy in Arizona.

To emphasize the importance of coordination in the development of Arizona's renewable energy resources, Governor Jan Brewer issued Executive Order 2010-02. This order directed the Land Department, to convene with Federal and State agencies in order to frame the issues and barriers related to the development of Arizona's renewable energy generation capacity.

The Land Department, through an agreement with the Arizona Energy Office, and in cooperation with Arizona State University, the Arizona Department of Environmental Quality, the Arizona Department of Water Resources, the Arizona Game and Fish Department, the Arizona Corporation Commission and the Bureau of Land Management, is conducting the Arizona Renewable Energy Mapping Project. To facilitate the rapid implementation of this project, Arizona received an American Recovery and Reinvestment Act (ARRA) grant from the U.S. Department of Energy.

The Arizona Renewable Energy Mapping Project is a collaborative project to acquire geospatial data from cooperating agencies that can be used to assess the development potential of State Trust land for renewable energy. The primary focus is on developing a common database of information that can be used by all State agencies. While each agency may have different business requirements, the data would be consistent for all to use. This geographic information database was then used to create a renewable energy mapping system to help better understand the potential to develop Renewable Energy resources on State Trust lands in a coordinated manner. An Arizona Solar Energy Viewer is a tool the public and renewable energy industry developers can use to evaluate State Trust lands for solar energy development. It achieves this by displaying solar energy development factors for State Trust lands throughout Arizona. The system also displays sites on State Trust lands that are currently under consideration for development and identifies sites where there have been applications submitted and the land is under review for possible sale or lease. The project focuses on lands that are available for industrial scale solar energy generation. There will be two ver-

sions of the Solar Energy Map Viewer: a public viewer and an internal GIS website that will provide additional information to partner state agencies. The main difference stems from the sharing capabilities. While the public will be able to use the viewer to locate and review potential sites, internal agencies will be able to download and share data within the viewer.



PREPARING FOR RENEWABLE ENERGY SITE DEVELOPMENT

The Arizona State Land Department (ASLD) has been evaluating State Trust land for development suitability and has worked toward preparation of parcels for the adoption of emerging renewable energy technologies and production. There are several parameters a Trust land parcel must meet in order to be considered suitable for solar energy development. In addition to physical land requirements, the parcel must meet various jurisdictional parameters and have an available transmission interconnection within a reasonable distance.

Among the least conspicuous and most time consuming aspects of preparing for development is cultural resource discovery on the subject property. In some cases, the presence of cultural resources can render a property undevelopable. Recognizing this possibility, the Department has used a portion of the ARRA Grant to conduct archaeological surveys and ascertain the existence of cultural resources, further defining ideal sites for renewable energy development. Approximately 15,300 acres of State Trust land have been surveyed which has identified more sites with greater potential and significantly reduced due diligence efforts.

The Department has also conducted several very specific transmission studies to complement the archaeological work in major areas of interest for renewable energy. The information gathered is very valuable toward evaluating a site's potential for successful development and the resulting



increased efficiency of doing these studies advances the process of facilitating solar energy development.

The Department has several sites where due diligence has been completed by third party consultants in preparation for development. Due diligence includes Class III Archaeology Studies, Phase I Environmental Reports, ALTA Surveys and where applicable, Jurisdictional Waters of the U.S. Studies. With help from the ARRA Grant, the Department is very active in promoting the development of renewable energy projects and assisting the industry with reliable and pertinent information.

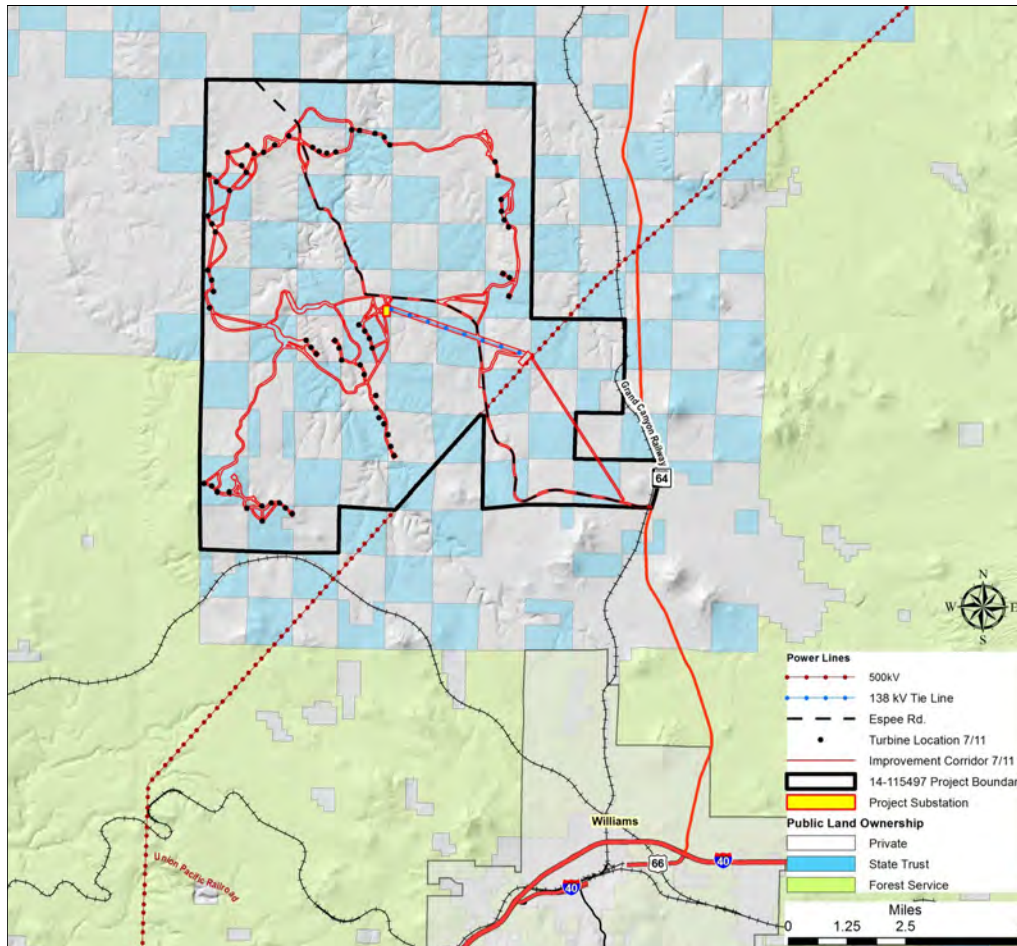


SOLAR ENERGY: COOPERATION OFF STATE TRUST LAND

The Department also works closely with renewable energy companies developing projects off Trust land. Sempra Energy, California's third largest utility, has connected an initial 42 Megawatts (MW) of power from its Mesquite Solar I photovoltaic project in Arlington, Arizona to the Hassayampa switchyard via a 230 kV transmission line crossing Trust land. Diligence by Department staff enabled this project to meet a December 2010 financing deadline. At full build-out, this privately owned facility is projected to produce 600 MW of electric power from 800,000 solar panels covering 900 acres, enough to power 50,000 homes.

WIND DEVELOPMENTS: PERRIN RANCH

The Perrin Ranch Wind, LLC project (2011) is the newest edition to the Department's wind energy portfolio. This 99 Megawatt (MW) installation lies north of Williams and west of SR 64 and the Grand Canyon Railway in Coconino County. The project boundary encompasses 73 "checkerboard" sections (square miles) 34 of which are Trust land; of the 64 turbines in the project, 29 are located on Trust land. Through the 50-year term of this right-of-way lease, beneficiaries will collect approximately \$11 million in revenue in addition to rent normally earned through grazing activities. The private lands associated with this project are owned by the Perrin Ranch, LLC, a fifth generation Arizona family ranching company and ASLD grazing lessee. Other than during actual project construction, an agreement between the Department, Perrin Ranch, LLC, Perrin Ranch Wind, LLC, and the Arizona Game and Fish Commission, hunting privileges remain unchanged. As with all wind energy projects, the right-of-way instrument contains provisions for rehabilitation of Trust land upon expiration of the right-of-way.



WIND DEVELOPMENTS: DRY LAKE WIND PROJECTS

The Dry Lake Wind I (2008) and Dry Lake Wind II (2010) wind energy projects, located north of Snowflake in Navajo County, are on-line and generating revenue for the beneficiaries far in excess of historical revenue from grazing activities. However, cattle grazing and wind energy development are complementary uses of Trust land. Wind energy development only affects approximately five percent of surface acres, thereby enabling our valued grazing lessees to continue their stewardship of the land.



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 October 2010, The City of Phoenix purchased a 1,139.21-acre parcel for \$25.85 million. This purchase represents another step toward completion of the Sonoran Preserve. To date, Phoenix has purchased a total of 6,000 acres of the 20,000 acres approved by the City Council in 1998.

Also in October 2010, the City of Scottsdale successfully bid \$44.1 million and added an additional 2,000.59 acres to the McDowell Sonoran Preserve. Scottsdale has already acquired or protected more than 18,000 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 4,400 acres of State Trust land in the next fiscal year in addition to another purchase the following year.

Finally, in November 2010 Coconino County successfully purchased 2,249 acres of State Trust land in the Roger's Lake area for \$11.875 million. Roger's Lake is about ten miles southwest of the City of Flagstaff and had been reclassified as suitable for conservation purposes last fiscal year.



STATE TRUST LAND USES

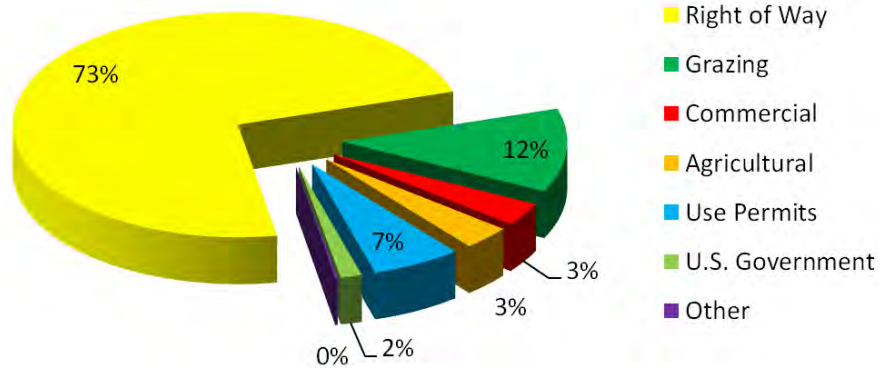
- 10,313 leases and other contracts contain 9,409,449.77 surface acres.
- 1,223 leases and other contracts contain 830,066.71 subsurface acres.



STATE TRUST LAND USES

SURFACE	NO. OF LEASES	% OF LEASES	TOTAL ACREAGE	% OF ACREAGE
Rights Of Way	7,532	73.03%	153,885.35	1.64%
Grazing	1,239	12.01%	8,368,575.48	88.94%
Commercial	325	3.15%	79,738.68	0.85%
Commercial School Leases	21	0.20%	1,142.93	0.01%
Agricultural	354	3.43%	156,574.84	1.66%
Use Permits	665	6.45%	618,343.88	6.57%
U.S. Government	158	1.53%	18,291.41	0.19%
Homesite	1	0.01%	5.63	0.00%
Institutional	10	0.10%	12,891.56	0.14%
Recreational	8	0.08%	0.01	0.00%
SUBTOTAL (Leases)	10,313	100.00%	9,409,449.77	100.00%
SUBSURFACE	NO. OF LEASES	% OF LEASES	TOTAL ACREAGE	% OF ACREAGE
Mineral	88	7.20%	11,946.44	1.44%
Mineral Exploration	916	74.90%	485,772.74	58.52%
Mineral Materials	15	1.23%	1,514.85	0.18%
Oil & Gas	204	16.68%	330,832.68	39.86%
SUBTOTAL (Leases)	1,223	100.00%	830,066.71	100.00%
TOTAL LEASES	10,325		10,239,516.48	

STATE TRUST LAND USES



FIVE YEAR PLAN

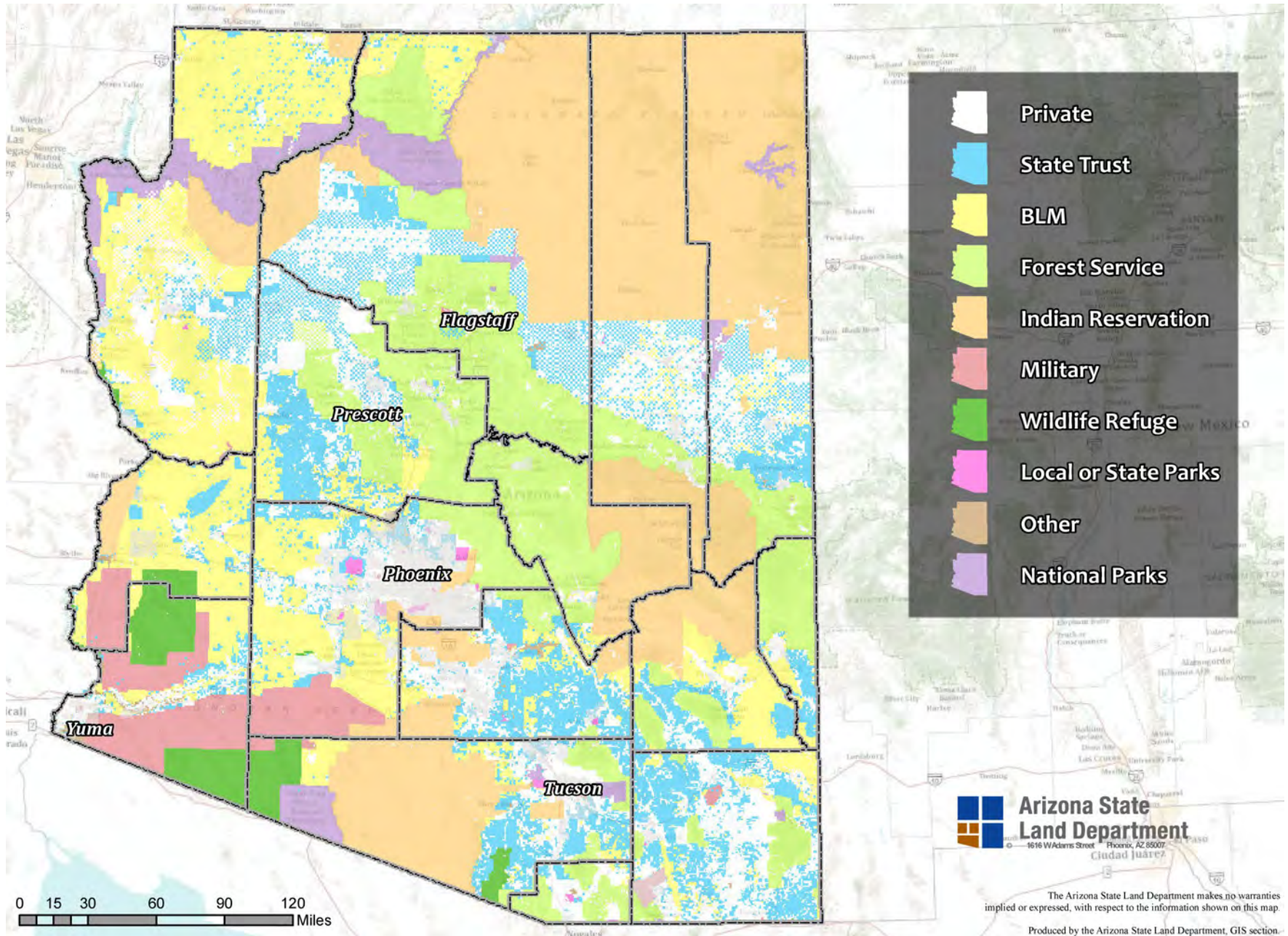
This year, the Department presented its updated Five Year Plan (FYP) to the Urban Land Planning Oversight Committee (ULPOC), prepared under ARS § 37-331.03. The FYP is a GIS-based database containing over 300 parcels, as well as information about these parcels considered for disposition in the near-term, 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. ULPOC unanimously recommended the updated FYP for approval by the Arizona State Land Commissioner. The FYP was signed by Commissioner Baier on May 6, 2011.



Photograph of Cy Byrne, William A. Moody, and Swift riding horses in Graham County during the Arizona State Land Survey of 1912. (Photo courtesy of Arizona State Library, Archives and Public Records, History and Archives Division, Phoenix, #94-1471)



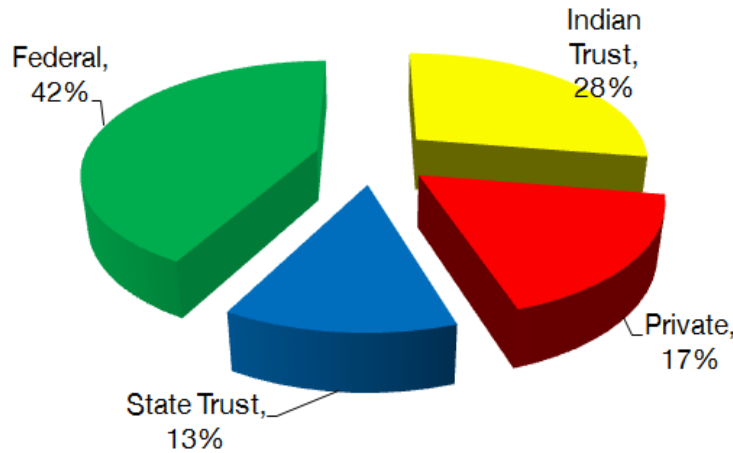
LAND OWNERSHIP AND MANAGEMENT



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.

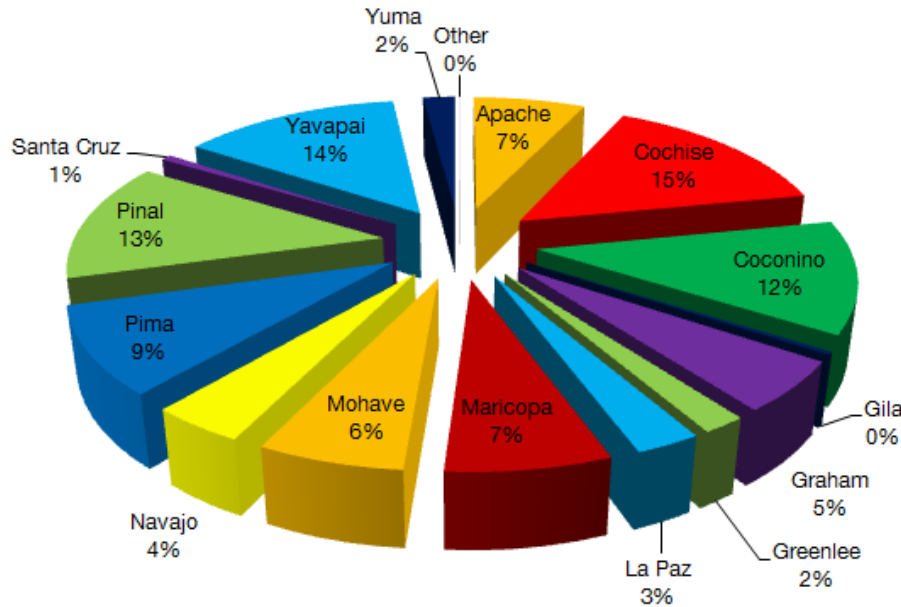
The percentages are estimates derived from digitized map data. The category called Private is overestimated due to the inclusion of small amounts of land owned by local, State, and Federal agencies.



STATE TRUST LAND WITHIN EACH COUNTY

COUNTY	ACRES
Apache	652,660
Cochise	1,370,681
Coconino	1,122,900
Gila	31,231
Graham	496,321
Greenlee	172,104
La Paz	254,411
Maricopa	636,994
Mohave	565,237
Navajo	370,155
Pima	860,483
Pinal	1,204,528
Santa Cruz	61,154
Yavapai	1,264,280
Yuma	186,832
Other	2,523
TOTAL	9,252,495

STATE TRUST LAND WITHIN EACH COUNTY



BOARD OF APPEALS

CURRENT BOARD MEMBERS



Kathleen M. Holmes, Chair
Scottsdale
Member-at-Large.



Jolene U. Dance, Vice-Chair
Phoenix
Member-at-Large.



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



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



Norman R. Brown
St. Johns
Represents the Third District consisting of Mohave, Yavapai, Coconino, Apache and Navajo counties.

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 this fiscal year, the Board approved 10 new commercial leases, 25 renewal leases, 72 rights-of-way sale appraisals, and 10 land sale appraisals.

Two new appeals were filed with the Board. One appeal modified the Commissioner's decision. One appeal was withdrawn and dismissed by the Board. At the close of FY 2011, two appeals were still pending.

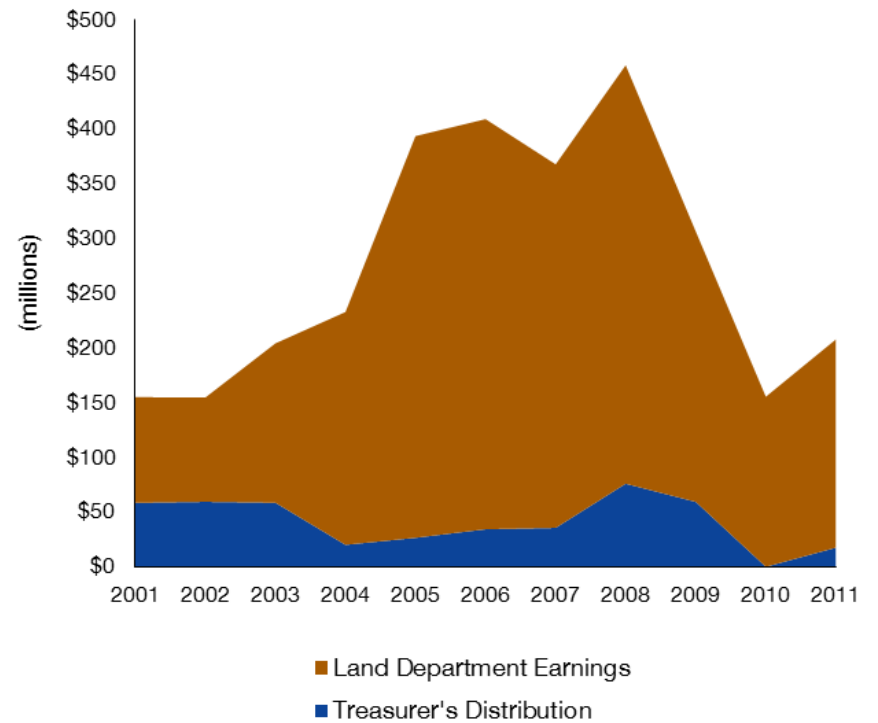
The Commissioner and the staff of the Arizona State Land Department appreciate the considerable time and effort Board of Appeals members invest in serving the Trust and the citizens of Arizona.

FISCAL YEAR 2011



FUNDS	FY 2011 TOTAL
Expendable	\$49,023,574.81
Commercial Prepayment	\$1,054,391.83
School Leases	\$1,558,877.73
General	\$2,800,745.85
Trust Land Management Fund	\$14,162,981.62
Permanent	\$121,707,862.40
TOTAL LAND DEPARTMENT	\$190,308,434.24
Treasurer's Distribution	\$17,478,141
GRAND TOTAL - FY 2011	\$207,786,575.24

**Total Trust Revenue
FY 2001 - 2011**



FISCAL YEAR 2011

REVENUES BY BENEFICIARY FY 2011

BENEFICIARIES	TRUST ACRES	STATE LAND EXPENDABLE EARNINGS	TREASURER'S FORMULA DISTRIBUTION	TOTAL EXPENDABLE RECEIPTS	TOTAL PERMANENT RECEIPTS	TOTAL RECEIPTS
Common Schools (K—12) [‡]	8,092,703.51	43,749,720.12*	16,163,946.00	59,913,666.12	109,360,337.70	169,274,003.82
Normal Schools Grant	174,797.56	156,498.83	20,904.00	177,402.83	97,092.08	274,494.91
Agricultural & Mechanical Colleges	124,943.87	124,842.97	56,793.00	181,635.97	1,598.43	183,234.40
Military Institutes Grant	80,168.11	62,632.45	4,161.00	66,793.45	8.10	66,801.55
School of Mines Grant	123,254.09	173,921.12	70,521.00	244,442.12	36,075.46	280,517.58
University Land Code	137,908.88	798,517.57	108,150.00	906,667.57	128,124.89	1,034,792.46
University of Arizona (Act of 2/18/1881)	51,885.05	406,642.65	242,481.00	649,123.65	11,222,582.47	11,871,706.12
School for the Deaf & Blind	82,559.65	174,732.51	31,266.00	205,998.51	971.57	206,970.08
SUBTOTAL Education	8,868,220.72	45,647,508.22	16,698,222.00	62,345,730.22	120,846,790.70	183,192,520.92
Legislative, Executive & Judicial Buildings	64,257.21	170,589.19	53,709.00	224,298.19	2,429.10	226,727.29
State Hospital Grant	71,248.39	348,364.49	27,759.00	376,123.49	51,855.68	427,979.17
Miners' Hospital Grant [†]	95,429.04	1,444,424.99	75,186.00	1,519,610.99	691,865.24	2,211,476.23
State Charitable, Penal, Penitentiary Grant	77,228.58	1,874,010.04	507,633.00	2,381,643.04	62,858.61	2,444,501.65
	76,110.72	1,097,555.61	115,632.00	1,213,187.61	52,063.05	1,265,250.66
TOTAL	9,252,494.66	50,582,452.54	17,478,141.00	68,060,593.54	121,707,862.37	189,768,455.91

* The amount for State Land expendable earnings includes \$1,558,877.73 from the school leases in accordance with A.R.S. § 37-221, D.

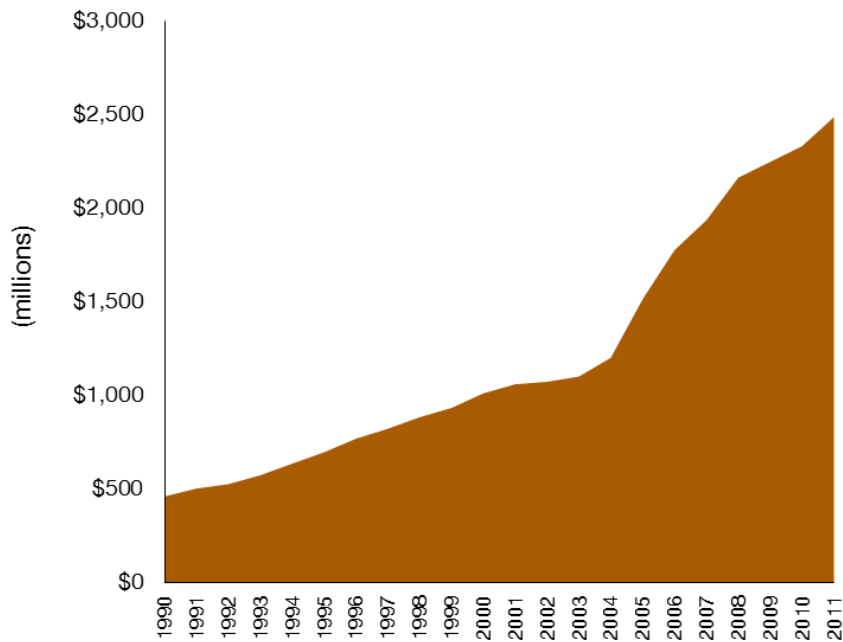
[†] Miners' Hospital and Miners' Hospital 1929 combined

[‡] Including County Bonds

PERMANENT FUND

- The Department deposited \$121.7 million into the Permanent Funds in FY 2011, increasing the book value to \$2,486,381,000.
- The balance of Department managed sales contracts is \$535.2 million.
- The Permanent Funds consist of revenues earned from the sale of State Trust land or assets such as minerals or other natural products.
- 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 - 2011**



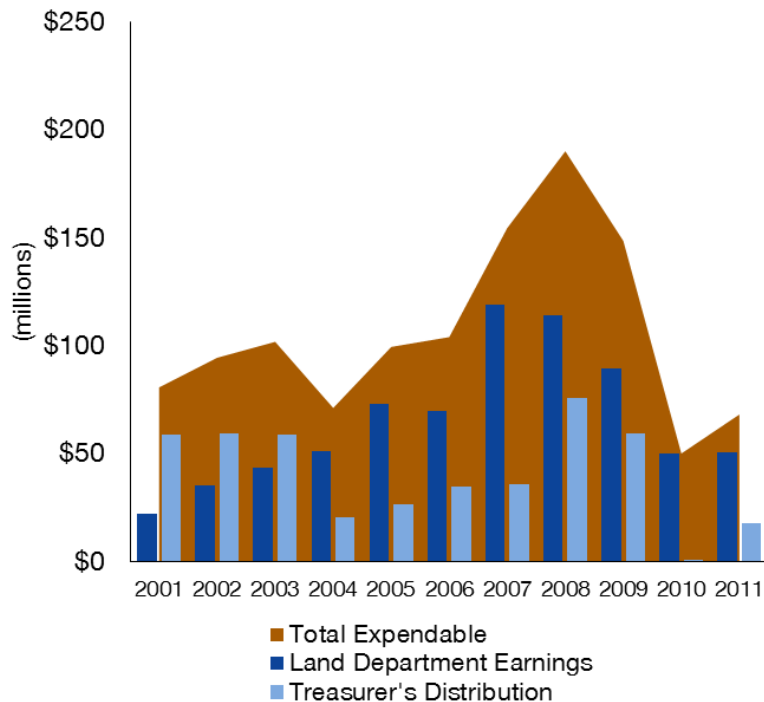
BENEFICIARY SHARE OF PERMANENT FUND June 30, 2011

	Book Value	Market Value
Common Schools	2,311,454,000	3,050,936,000
Normal Schools	2,408,000	3,371,000
Agricultural & Mechanical Colleges	6,368,000	9,400,000
Military Institutes	359,000	525,000
School of Mines	7,673,000	10,611,000
University Land Code	12,542,000	17,484,000
University of Arizona (Act of 2/18/1881)	37,495,000	48,801,000
School for the Deaf & Blind	3,395,000	4,857,000
Legislative, Executive, and Judicial	5,207,000	7,469,000
State Hospital	3,909,000	5,660,000
Miner's Hospital	11,515,000	14,871,000
State Charitable, Penal, and Reformatory	76,000,000	101,357,000
Penitentiaries	8,056,000	11,336,000
TOTAL	<u>2,486,381,000</u>	<u>3,286,678,000</u>

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 \$68.1 million in FY 2011.
- Revenue from Trust land leases, permits, and interest earnings from sales financed through the Department totaled \$50.0 million.
- The Treasurer distributed \$17.5 million 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 - 2011**



EXPENDABLE REVENUE BY BENEFICIARY FY 2011

BENEFICIARIES	TREASURERS'S FORMULA DISTRIBUTIONS	LEASE AND SALES CONTRACT INTEREST	TOTAL EXPENDABLE REVENUE
Common Schools	16,163,946.00	43,749,720.12	59,913,666.12
Normal Schools	20,904.00	156,498.83	177,402.83
Agriculture and Mechanical Colleges	56,793.00	124,842.97	181,635.97
Military Institutes	4,161.00	62,632.45	66,793.45
School of Mines	70,521.00	173,921.12	244,442.12
University Land Code	108,150.00	798,517.57	906,667.57
University of Arizona (Act of 2/18/1881)	242,481.00	406,642.65	649,123.65
School for the Deaf and Blind	31,266.00	174,732.51	205,998.51
Subtotal Education	16,698,222.00	45,647,508.22	62,345,730.22
Legislative, Executive & Judicial Buildings	53,709.00	170,589.19	224,298.19
State Hospital	27,759.00	348,364.49	376,123.49
Miners Hospital	75,186.00	1,444,424.99	1,519,610.99
State Chritable, Penal, & Reformatory	507,633.00	1,874,010.04	2,381,643.04
Penitentiaries	115,632.00	1,097,555.61	1,213,187.61
TOTAL	17,478,141.00	50,582,452.54	68,060,593.54

FUND AND BENEFICIARY SUMMARY

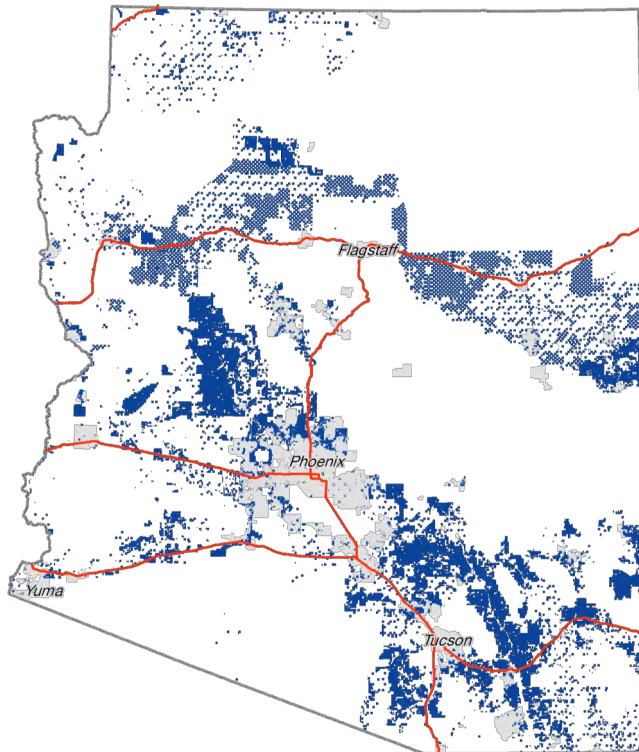
In FY 2011, State Trust receipts totaled \$190,308,434. A total of \$173,344,707 was earned for the beneficiaries, \$2,800,746 was deposited in the General Fund, \$1,054,392 was received as commercial prepayments, and \$14,162,982 was deposited into the Trust Land Management Fund, which is used to manage the Trust. Of the beneficiary amount, \$12,707,862 was deposited into the Permanent Funds. The Permanent Funds are managed by the State Treasurer. The remaining \$49,170,112 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
8,092,704	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	
51,885	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
95,429	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>9,252,495</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 8.2 million acres remain in the Trust for common schools.
- In FY 2011, \$109.4 million from sales and royalties was deposited into the Permanent Fund for common schools bringing the total balance to \$2,311,454,000.
- In FY 2011, \$59.9 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 ACRES AND INCOME-FY 2011

SURFACE LEASES	ACRES	INCOME
Agriculture	113,265	\$3,103,630.50
Commercial	22,186	19,221,773.33
Grazing	7,371,180	2,038,396.88
Homesite	6	4,886.11
Rights-of-Way	107,466	3,567,359.84
Use Permits	536,370	2,710,101.34
Public Education	0	0.00
Institutional Taking	5,406	408,611.00
U.S. Government	17,452	418,240.27
Other	0	7,154,091.18
TOTAL SURFACE	8,173,331	38,627,090.45

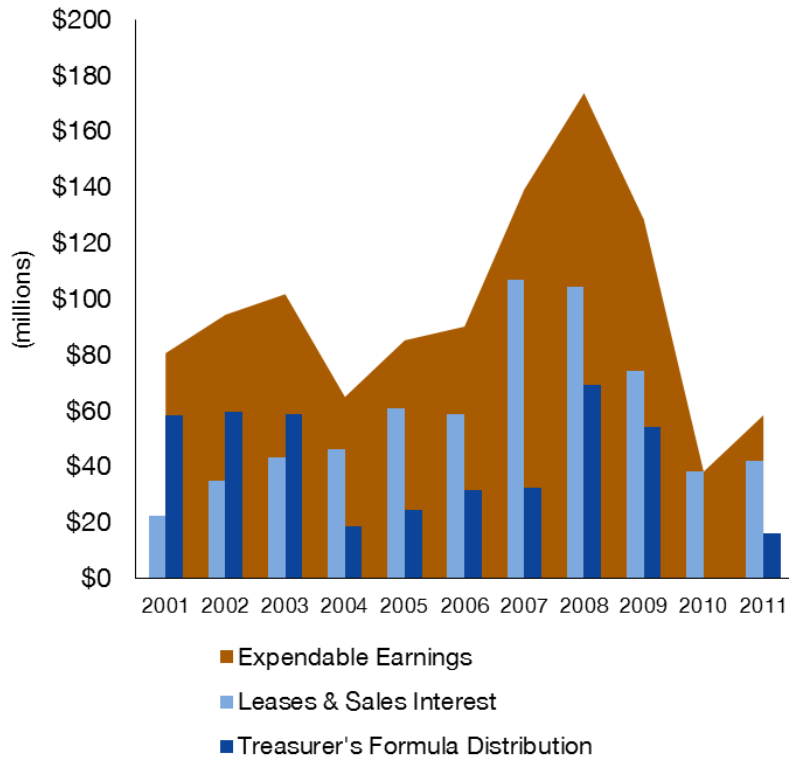
SUBSURFACE LEASES		
Mineral	11,607	59,898.82
Prospecting Permit	441,546	1,217,398.18
Mineral Material	845	54,404.80
Oil & Gas	292,987	390,379.02
U.S. Government	17,452	0.00
TOTAL SUBSURFACE	764,436	1,722,080.82

Penalty & Interest	429,330.77
Sales Interest	1,412,340.35
School Leases	1,558,877.73
Treasurer's Formula Distribution	16,163,946.00
GRAND TOTAL EXPENDABLE	59,913,666.12

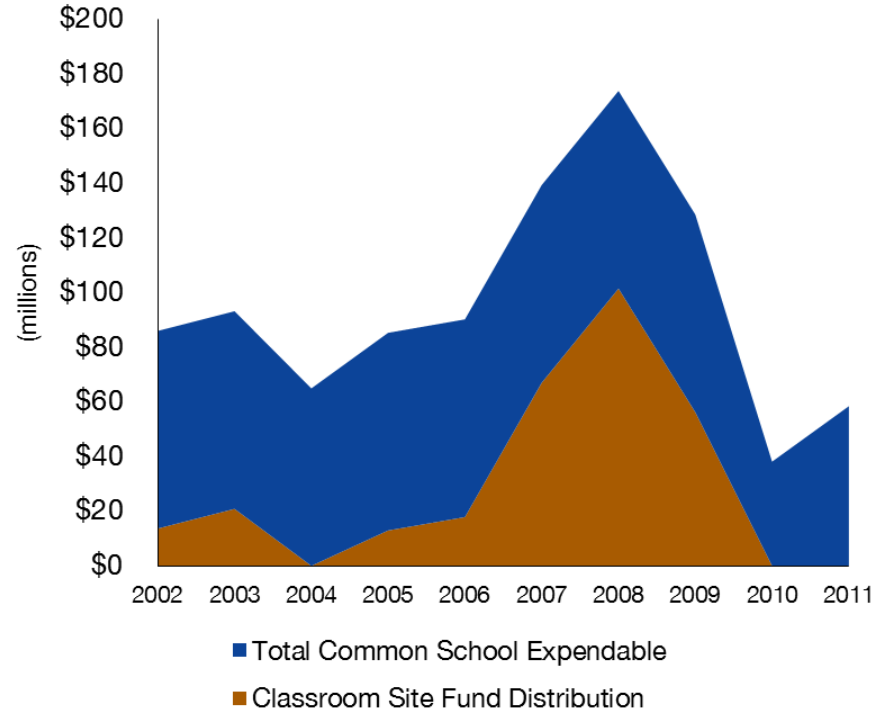
Permanent Fund Receipts	109,360,337.70
Permanent Fund Balance	2,311,454,000.00

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 Schools Expendable Earnings FY 2001 - 2011



Classroom Site Fund FY 2002 - 2011



COMMON SCHOOL REVENUE (Millions)

Fiscal Year	2007	2008	2009	2010	2011
Permanent Fund Revenue	182.7	238.5	138.5	91.7	109.4
Treasurer's Distribution	32.4	69.3	54.3	0	16.2
Rent & Interest	106.9	104.4	74.1	38.1	42.2
Total Expendable	139.2	173.7	128.4	38.1	58.4
Base Year Amount	(72.3)	(72.3)	(72.3)	(72.3)	(72.3)
Classroom Site Fund	67	101.4	56.2	0	0

FUND AND BENEFICIARY SUMMARY

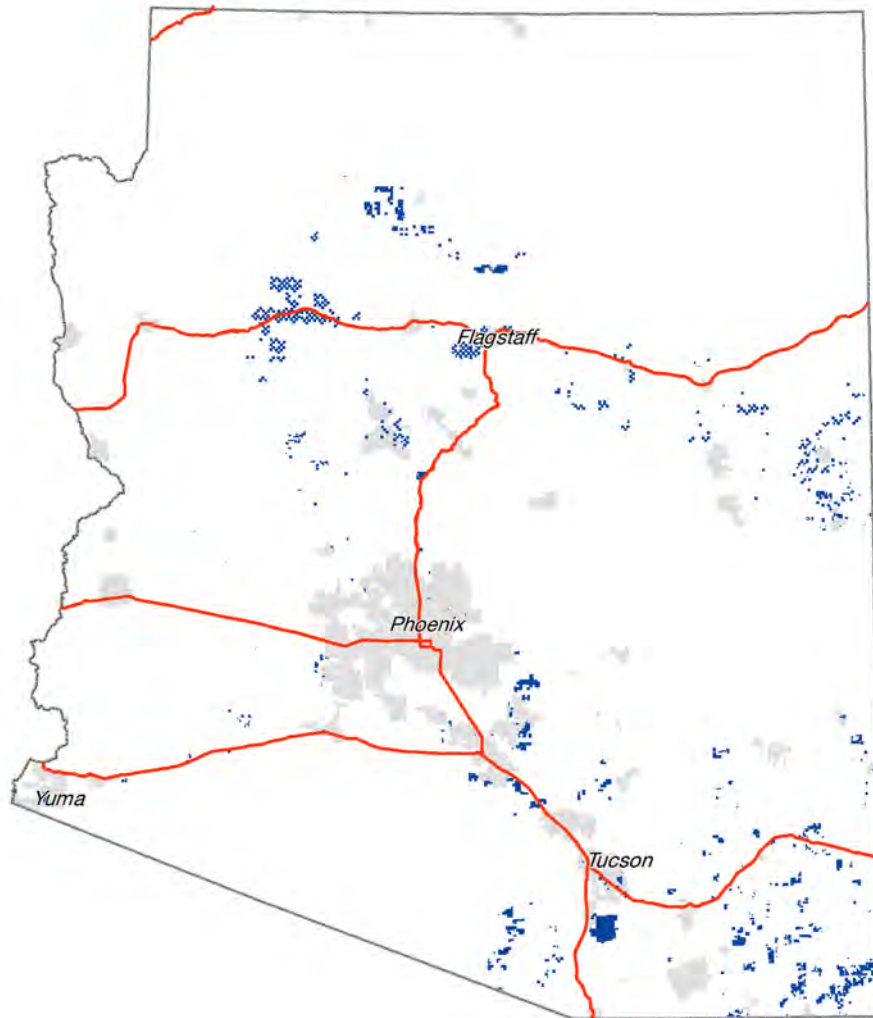
University Grants

- 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 \$2.2 million in FY 2011. An additional \$11.5 million was earned and added to the permanent funds for the six grants, bringing the total Permanent Fund balance to \$66.8 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 ACRES AND INCOME—FY 2011

SURFACE LEASES	ACRES	INCOME
Agriculture	13,561	\$329,015.08
Commercial	51,418	\$643,723.24
Grazing	597,907	\$211,160.49
Homesite	0	\$0.00
Rights-of-Way	10,683	\$255,720.34
Use Permits	31,501	\$90,594.62
Public Education	0	\$0.00
Institutional Taking	5,151	\$780.35
U.S. Government	299	\$9,234.47
Other	0	\$1,687.00
TOTAL SURFACE	710,519	\$1,541,915.59
SUBSURFACE LEASES		
Mineral	0	\$0.00
Prospecting Permit	31,501	\$70,635.36
Mineral Material	200	\$32,160.09
Oil and Gas	34,897	\$56,535.04
U.S. Government	299	\$0.00
TOTAL SUBSURFACE	66,897	\$159,330.49
Penalty & Interest		\$21,809.51
Sales Interest		\$0.00
Treasurer's Formula Distribution		\$503,010.00
GRAND TOTAL EXPENDABLE		\$2,226,065.59
Permanent Fund Receipts		\$11,485,481.43
Permanent Fund Balance		\$66,845,000.00



University of Arizona

The new, LEED platinum-certified Student Recreation Center at the University of Arizona
(Photo by Ameresco Southwest and courtesy of the University of Arizona)



Arizona State University

The ASU Sun Devil mascot with a solar panel.
(Photo by Tom Story and courtesy of Arizona State University)



Northern Arizona University

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



FUND AND BENEFICIARY SUMMARY

University Grants Continued

NORMAL SCHOOLS GRANT ACRES AND INCOME—FY 2011

SURFACE LEASES	ACRES	INCOME
Agriculture	165	\$7,069.84
Commercial	22,539	\$22,947.24
Grazing	146,026	\$50,470.88
Homesite	0	\$0.00
Rights-of-Way	1,647	\$10,236.98
Use Permits	7,133	\$7,400.94
Public Education	0	\$0.00
Institutional Taking	2,721	\$0.00
U.S. Government	184	\$9,234.47
Other	0	\$700.00
TOTAL SURFACE	180,414	\$108,060.35

SUBSURFACE LEASES

Mineral	0	\$0.00
Prospecting Permit	19,924	\$29,754.52
Mineral Material	120	\$10,560.09
Oil and Gas	2,862	\$7,025.21
U.S. Government	184	\$0.00
TOTAL SUBSURFACE	23,090	\$47,339.82

Penalty & Interest	\$1,098.66
Sales Interest	\$0.00
Treasurer's Formula Distribution	\$20,904.00
GRAND TOTAL EXPENDABLE	\$177,402.83

Permanent Fund Receipts	\$97,092.08
Permanent Fund Balance	\$2,408,000.00

AGRICULTURAL & MECHANICAL COLLEGES ACRES AND INCOME—FY 2011

SURFACE LEASES	ACRES	INCOME
Agriculture	251	\$2,876.52
Commercial	10,172	\$1,938.39
Grazing	107,163	\$34,703.60
Homesite	0	\$0.00
Rights-of-Way	3,848	\$57,218.68
Use Permits	5,527	\$16,886.05
Public Education	0	\$0.00
Institutional Taking	1,917	\$0.00
U.S. Government	86	\$0.00
Other	0	\$0.00
TOTAL SURFACE	128,964	\$113,623.24

SUBSURFACE LEASES

Mineral	0	\$0.00
Prospecting Permit	1,789	\$3,458.16
Mineral Material	0	\$2,400.00
Oil and Gas	3,040	\$3,040.00
U.S. Government	86	\$0.00
TOTAL SUBSURFACE	4,915	\$8,898.16

Penalty & Interest	\$2,321.57
Sales Interest	\$0.00
Treasurer's Formula Distribution	\$56,793.00
GRAND TOTAL EXPENDABLE	\$181,635.97

Permanent Fund Receipts	\$1,598.43
Permanent Fund Balance	\$6,368,000.00

MILITARY INSTITUTES ACRES AND INCOME—FY 2011

SURFACE LEASES	ACRES	INCOME
Agriculture	0	\$0
Commercial	1,677	\$4,800.00
Grazing	76,749	\$31,718.90
Homesite	0	\$0.00
Rights-of-Way	266	\$2,835.11
Use Permits	3,339	\$7,014.04
Public Education	0	\$0.00
Institutional Taking	0	\$0.00
U.S. Government	0	\$0.00
Other	0	\$237.00
TOTAL SURFACE	82,030	\$46,605.05

SUBSURFACE LEASES

Mineral	0	\$0.00
Prospecting Permit	640	\$1,280.00
Mineral Material	0	\$0.00
Oil and Gas	4,323	\$14,121.38
U.S. Government	0	\$0.00
TOTAL SUBSURFACE	4,963	\$15,401.38

Penalty & Interest	\$626.02
Sales Interest	\$0.00
Treasurer's Formula Distribution	\$4,161.00
GRAND TOTAL EXPENDABLE	\$66,793.45

Permanent Fund Receipts	\$8.10
Permanent Fund Balance	\$359,000.00

**SCHOOL OF MINES
ACRES AND INCOME—FY 2011**

**UNIVERSITY LAND CODE
ACRES AND INCOME—FY 2011**

**UNIVERSITY OF ARIZONA—1881
ACRES AND INCOME—FY 2011**

SURFACE LEASES	ACRES	INCOME
Agriculture	2,485	38,137.67
Commercial	8,483	10,824.49
Grazing	111,207	37,845.32
Homesite	0	0.00
Rights-of-Way	1,715	34,149.29
Use Permits	7,569	8,838.09
Public Education	0	0.00
Institutional Taking	0	0.00
U.S. Government	17	0.00
Other	0	0.00
TOTAL SURFACE	131,476	129,794.86

SURFACE LEASES	ACRES	INCOME
Agriculture	3,626	61,653.18
Commercial	8,238	515,625.15
Grazing	117,855	40,075.91
Homesite	0	0.00
Rights-of-Way	2,400	127,528.61
Use Permits	5,178	24,552.48
Public Education	0	0.00
Institutional Taking	107	780.35
U.S. Government	8	0.00
Other	0	750.00
TOTAL SURFACE	137,412	770,965.68

SURFACE LEASES	ACRES	INCOME
Agriculture	7,034	219,277.87
Commercial	308	87,587.97
Grazing	38,908	16,345.88
Homesite	0	0.00
Rights-of-Way	808	23,751.67
Use Permits	2,755	25,903.02
Public Education	0	0.00
Institutional Taking	406	0.00
U.S. Government	4	0.00
Other	0	0.00
TOTAL SURFACE	50,223	372,866.41

SUBSURFACE LEASES	ACRES	INCOME
Mineral	0	0.00
Prospecting Permit	2,711	27,106.80
Mineral Material	0	0.00
Oil and Gas	12,007	15,233.29
U.S. Government	17	0.00
TOTAL SUBSURFACE	14,734	42,340.09

SUBSURFACE LEASES	ACRES	INCOME
Mineral	0	0.00
Prospecting Permit	6,038	8,235.88
Mineral Material	0	0.00
Oil and Gas	12,665	17,115.16
U.S. Government	8	0.00
TOTAL SUBSURFACE	18,711	25,351.04

SUBSURFACE LEASES	ACRES	INCOME
Mineral	0	0.00
Prospecting Permit	400	800.00
Mineral Material	80	19,200.00
Oil and Gas	0	0.00
U.S. Government	4	0.00
TOTAL SUBSURFACE	484	20,000.00

Penalty & Interest	1,786.17
Sales Interest	0.00
Treasurer's Formula Distribution	70,521.00
GRAND TOTAL EXPENDABLE	244,442.12

Penalty & Interest	2,200.85
Sales Interest	0.00
Treasurer's Formula Distribution	108,150.00
GRAND TOTAL EXPENDABLE	906,667.57

Penalty & Interest	13,776.24
Sales Interest	0.00
Treasurer's Formula Distribution	242,481.00
GRAND TOTAL EXPENDABLE	649,123.65

Permanent Fund Receipts	36,075.46
Permanent Fund Balance	7,673,000.00

Permanent Fund Receipts	128,124.89
Permanent Fund Balance	12,542,000.00

Permanent Fund Receipts	11,222,582.47
Permanent Fund Balance	37,495,000.00

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 \$2,710,432.51 in expendable receipts in FY 2011.
- The Department of Juvenile Corrections received \$595,410.76 in expendable receipts in FY 2011.
- The Department of Corrections received a total of \$1,808,598.37 in expendable receipts in FY 2011.



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)*

Grant

Beneficiary

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 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)*

**SCHOOL FOR THE DEAF & BLIND
ACRES AND INCOME—FY 2011**

**LEGISLATIVE, EXECUTIVE, & JUDICIAL BUILDINGS
ACRES AND INCOME—FY 2011**

**STATE HOSPITAL
ACRES AND INCOME—FY 2011**

SURFACE LEASES	ACRES	INCOME
Agriculture	2,638	\$74,738.30
Commercial	1,453	\$24,407.73
Grazing	72,540	\$26,242.14
Homesite	0	\$0.00
Rights-of-Way	801	\$15,070.30
Use Permits	10,632	\$15,823.62
Public Education	0	\$0.00
Institutional Taking	1	\$2,326.04
U.S. Government	32	\$0.00
Other	0	\$0.00
TOTAL SURFACE	88,097	\$158,608.13

SURFACE LEASES	ACRES	INCOME
Agriculture	1,179	\$25,942.49
Commercial	5	\$25,920.00
Grazing	57,427	\$18,724.83
Homesite	0	\$0.00
Rights-of-Way	1,390	\$76,880.27
Use Permits	5,062	\$4,778.55
Public Education	0	\$0.00
Institutional Taking	0	\$0.00
U.S. Government	92	\$0.00
Other	0	\$0.00
TOTAL SURFACE	65,155	\$152,246.14

SURFACE LEASES	ACRES	INCOME
Agriculture	4,246	\$111,444.61
Commercial	199	\$141,365.05
Grazing	57,770	\$20,182.98
Homesite	0	\$0.00
Rights-of-Way	877	\$8,110.30
Use Permits	5,388	\$9,783.41
Public Education	0	\$0.00
Institutional Taking	80	\$17,622.00
U.S. Government	108	\$0.00
Other	0	\$918.00
TOTAL SURFACE	68,669	\$309,426.35

SUBSURFACE LEASES	ACRES	INCOME
Mineral	0	\$0.00
Prospecting Permit	2,442	\$11,539.00
Mineral Material	0	\$0.00
Oil and Gas	400	\$3,551.05
U.S. Government	32	\$0.00
TOTAL SUBSURFACE	2,874	\$15,090.05

SUBSURFACE LEASES	ACRES	INCOME
Mineral	0	\$0.00
Prospecting Permit	1,488	\$15,131.18
Mineral Material	0	\$0.00
Oil and Gas	1,280	\$1,320.00
U.S. Government	92	\$0.00
TOTAL SUBSURFACE	2,860	\$16,451.18

SUBSURFACE LEASES	ACRES	INCOME
Mineral	60	\$600.00
Prospecting Permit	1,140	\$11,240.67
Mineral Material	77	\$11,000.00
Oil and Gas	0	\$3,910.97
U.S. Government	108	\$0.00
TOTAL SUBSURFACE	1,386	\$26,751.64

Penalty & Interest	\$1,034.33
Sales Interest	\$0.00
Treasurer's Formula Distribution	\$31,266.00
GRAND TOTAL EXPENDABLE	\$205,998.51

Penalty & Interest	\$1,891.87
Sales Interest	\$0.00
Treasurer's Formula Distribution	\$53,709.00
GRAND TOTAL EXPENDABLE	\$224,298.19

Penalty & Interest	\$12,186.50
Sales Interest	\$0.00
Treasurer's Formula Distribution	\$27,759.00
GRAND TOTAL EXPENDABLE	\$376,123.49

Permanent Fund Receipts	\$971.57
Permanent Fund Balance	\$3,395,000.00

Permanent Fund Receipts	\$2,429.10
Permanent Fund Balance	\$5,207,000.00

Permanent Fund Receipts	\$51,855.68
Permanent Fund Balance	\$3,909,000.00

FUND AND BENEFICIARY SUMMARY

Other Grants Continued

MINERS' HOSPITAL* ACRES AND INCOME—FY 2011

SURFACE LEASES	ACRES	INCOME
Agriculture	12,856	\$414,200.79
Commercial	580	\$875,714.03
Grazing	73,515	\$25,136.09
Homesite	0	\$0.00
Rights-of-Way	1,586	\$38,216.13
Use Permits	8,396	\$53,154.44
Public Education	0	\$0.00
Institutional Taking	1	\$1,839.78
U.S. Government	168	\$0.00
Other	0	\$0.00
TOTAL SURFACE	97,102	\$1,408,261.26

SUBSURFACE LEASES

Mineral	119	\$394.56
Prospecting Permit	6,066	\$11,991.83
Mineral Material	230	\$20,239.91
Oil and Gas	0	\$200.00
U.S. Government	168	\$0.00
TOTAL SUBSURFACE	6,583	\$32,826.30

Penalty & Interest	\$3,337.43
Sales Interest	\$0.00
Treasurer's Formula Distribution	\$75,186.00
GRAND TOTAL EXPENDABLE	\$1,519,610.99

Permanent Fund Receipts	\$691,865.24
Permanent Fund Balance	\$11,515,000.00

STATE CHARITABLE, PENAL, & REFORMATORY ACRES AND INCOME—FY 2011

SURFACE LEASES	ACRES	INCOME
Agriculture	3,997	\$116,361.55
Commercial	3,401	\$733,115.22
Grazing	62,845	\$23,854.43
Homesite	0	\$0.00
Rights-of-Way	1,843	\$41,134.08
Use Permits	5,802	\$826,148.84
Public Education	0	\$0.00
Institutional Taking	475	\$69,465.36
U.S. Government	117	\$0.00
Other	0	\$0.00
TOTAL SURFACE	78,479	\$1,810,079.48

SUBSURFACE LEASES

Mineral	160	\$120.00
Prospecting Permit	600	\$1,200.00
Mineral Material	138	\$0.00
Oil and Gas	1,268	\$1,726.80
U.S. Government	117	\$0.00
TOTAL SUBSURFACE	2,283	\$3,046.80

Penalty & Interest	\$60,883.76
Sales Interest	\$0.00
Treasurer's Formula Distribution	\$507,633.00
GRAND TOTAL EXPENDABLE	\$2,381,643.04

Permanent Fund Receipts	\$62,858.61
Permanent Fund Balance	\$76,000,000.00

PENITENTIARY ACRES AND INCOME—FY 2011

SURFACE LEASES	ACRES	INCOME
Agriculture	4,724	\$181,876.42
Commercial	456	\$695,572.99
Grazing	65,932	\$24,010.37
Homesite	0	\$0.00
Rights-of-Way	589	\$67,731.96
Use Permits	15,012	\$84,456.81
Public Education	0	\$0.00
Institutional Taking	1,778	\$0.00
U.S. Government	5	\$0.00
Other	0	\$0.00
TOTAL SURFACE	88,496	\$1,053,648.55

SUBSURFACE LEASES

Mineral	0	\$0.00
Prospecting Permit	990	\$1,979.20
Mineral Material	0	\$0.00
Oil and Gas	0	\$0.00
U.S. Government	5	\$0.00
TOTAL SUBSURFACE	995	\$1,979.20

Penalty & Interest	\$41,927.86
Sales Interest	\$0.00
Treasurer's Formula Distribution	\$115,632.00
GRAND TOTAL EXPENDABLE	\$1,213,187.61

Permanent Fund Receipts	\$52,063.05
Permanent Fund Balance	\$8,056,000.00

* Miners' Hospital and Miners' 1929 combined



Financial Schedules

Receipts by Category	39
Rental Acreage and Receipts	40
Treasurer's Formula Distribution.....	41
State Trust Land Acreage by Beneficiary	42
Auctions of Leases with and without Preferred Right.....	43

FINANCIAL SCHEDULES

RECEIPTS BY CATEGORY

	ROYALTY	SALES	SALES INTEREST	LEASE RENTAL	PENALTY & INTEREST	OTHER RECEIPTS	TOTAL
Common Schools (K-12)†	35,201,401.02	74,158,936.68	1,412,340.35	40,349,171.27	429,330.77	0.00	151,551,180.09
Leg., Exec. & Judicial	1,439.10	990.00	0.00	168,697.32	1,891.87	0.00	173,018.29
State Hospital	51,855.68	0.00	0.00	336,177.99	12,186.50	0.00	400,220.17
Miners' Hospital*	152,405.24	539,460.00	0.00	1,441,087.56	3,337.43	0.00	2,136,290.23
St Char., Pen. & Ref.	48,803.31	14,055.30	0.00	1,813,126.28	60,883.76	0.00	1,936,868.65
Penitentiaries	52,063.05	0.00	0.00	1,055,627.75	41,927.86	0.00	1,149,618.66
Normal Schools	97,092.08	0.00	0.00	155,400.17	1,098.66	0.00	253,590.91
A&M Colleges	1,598.43	0.00	0.00	122,521.40	2,321.57	0.00	126,441.40
Military Institutes	8.10	0.00	0.00	62,006.43	626.02	0.00	62,640.55
School of Mines	36,075.46	0.00	0.00	172,134.95	1,786.17	0.00	209,996.58
University Land Code	31,208.80	96,916.10	0.00	796,316.72	2,200.85	0.00	926,642.47
U of A (Act of 2/18/1881)	98,492.47	11,124,090.00	0.00	392,866.41	13,776.24	0.00	11,629,225.12
School for the Deaf & Blind	971.57	0.00	0.00	173,698.18	1,034.33	0.00	175,704.08
School Leases	0.00	0.00	0.00	1,558,877.73	0.00	0.00	1,558,877.73
Comercial Prepayments	0.00	0.00	0.00	0.00	0.00	1,054,391.83	1,054,391.83
TOTAL SCHOOLS & INSTITUTIONS	35,773,414.31	85,934,448.08	1,412,340.35	48,597,710.16	572,402.03	1,054,391.83	173,344,706.76
F.E.M.A Lands	35,000.00	0.00	0.00	32,720.00	0.00	0.00	67,720.00
Farm Loan Lands	2.00	14.37	0.00	3,829.27	42.83	0.00	3,888.47
Navigable Streambeds	0.00	0.00	0.00	60,468.68	120.41	0.00	60,589.09
Non-Navigable Streambeds	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Lands Held in Trust	0.00	0.00	0.00	8,548.29	0.00	0.00	8,548.29
Fees: Lease, Sale & Misc	0.00	0.00	0.00	0.00	0.00	2,660,000.00	2,660,000.00
TOTAL GENERAL FUND	35,002.00	14.37	0.00	105,566.24	163.24	2,660,000.00	2,800,745.85
TRUST LAND MANAGEMENT FUND	3,974,823.75	9,548,272.00	0.00	0.00	0.00	639,885.87	14,162,981.62
TOTAL RECEIPTS	39,783,240.06	95,482,734.45	1,412,340.35	48,703,276.40	572,565.27	4,354,277.70	190,308,434.23

* Miner's Hospital & Miners Hospital 1929 Combined

† Including County Bonds

**RENTAL ACREAGE AND RECEIPTS BY TYPE OF LEASE
FY 2011**

SURFACE LEASES	Acres	Receipts
Agriculture	156,575	4,362,611.95
Commercial	79,739	22,393,874.56
School Leases	**	1,558,877.73
Grazing	8,368,575	2,390,768.65
Homesite	6	4,886.11
Rights-of-Way	125,366	4,094,112.05
Use Permits	618,388	3,826,773.42
Public Education	0	0.00
Institutional Taking	12,892	500,644.53
U.S. Government	18,291	427,474.74
Other	0	7,156,696.18
TOTAL SURFACE	9,379,832	46,716,719.92
SUBSURFACE LEASES		
Mineral	11,946	61,013.38
Prospecting Permit	485,773	1,341,115.42
Mineral Material	1,515	126,804.80
Oil and Gas	330,833	457,622.88
U.S. Government	18,291	0.00
TOTAL SUBSURFACE	848,358	1,986,556.48
NON-LEASE REVENUES		
Penalty & Interest		572,565.27
Sales Interest		1,412,340.35
Royalty		39,756,401.55
Land Sales Principal		93,558,690.21
Rights-of-Way Sales Principal		1,923,964.23
Settlements		26,918.52
Commercial Prepayments		1,054,391.83
Fees		3,299,885.87
TOTAL NON-LEASE REVENUES		141,605,157.83
GRAND TOTAL		190,308,434.23

**The acres for School Leases is part of the total for Commercial

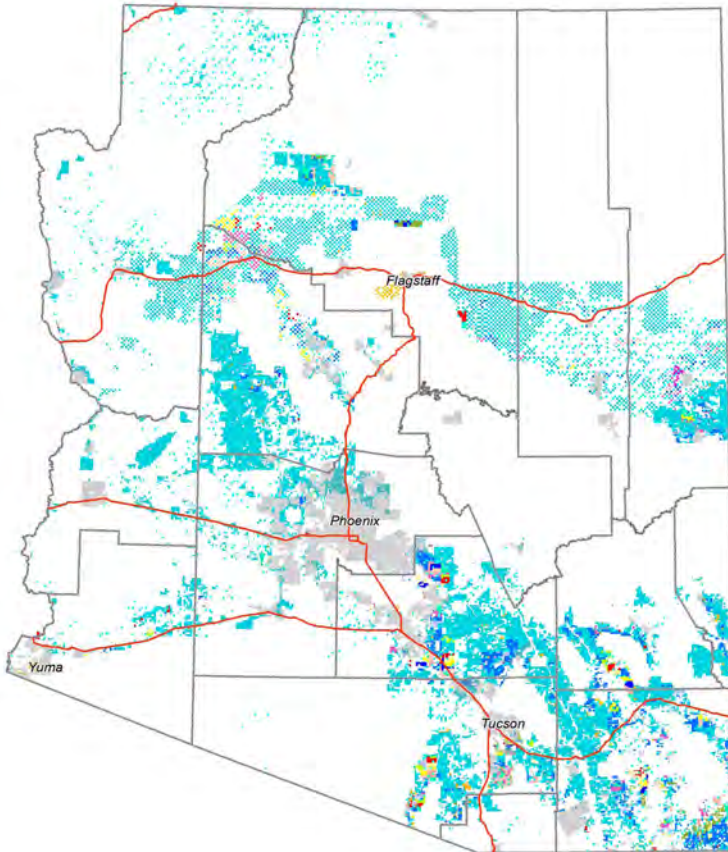
TREASURER'S FORMULA DISTRIBUTION*

	Year Ending June 30 FY 2010	Year Ending June 30 FY 2011	Increase (Decrease)	May 12, 1912 To Date
Common Schools	0	16,163,946	16,163,946	1,162,536,174
Normal Schools Grant	0	20,904	20,904	2,498,799
Agricultural & Mechanical Colleges	0	56,793	56,793	8,501,971
Military Institutes Grant	0	4,161	4,161	1,209,097
School of Mines Grant	0	70,521	70,521	1,002,356
University Land Code	0	108,150	108,150	11,150,180
University of Arizona (Act of 2/18/1881)	0	242,481	242,481	23,037,306
School for the Deaf & Blind	0	31,266	31,266	4,448,226
Legislative, Executive & Judicial Buildings	0	53,709	53,709	7,201,927
State Hospital Grant	0	27,759	27,759	3,504,764
Miners' Hospital Grant†	0	75,186	75,186	6,865,871
State Charitable, Penal, and Reformatory	0	507,633	507,633	26,483,066
Penitentiary Grant	1,799	115,632	113,833	4,523,142
TOTAL	1,799	17,478,141	17,476,342	1,262,962,879

* Information from the State Treasurer

† Miner's Hospital & Miners Hospital 1929 Combined

STATE TRUST LAND ACREAGE BY BENEFICIARY



BENEFICIARY	FY 1978	FY 2011
Common Schools (K-12)*	8,342,469	8,092,704
Normal Schools	172,405	174,798
Agricultural & Mechanical Colleges	134,469	124,944
Military Institutes	82,945	80,168
School of Mines	132,882	123,254
University Land Code	166,354	137,909
University of Arizona (Act of 2/18/1881)	62,216	51,885
School for the Deaf & Blind	84,209	82,560
Leg., Exec. & Judicial	66,660	64,257
State Hospital	79,198	71,248
Miners Hospital	48,648	47,743
Miners Hospital (1929)	53,311	47,686
St Char., Pen. & Ref.	80,010	77,229
Penitentiaries	80,830	76,111
TOTAL	9,586,606	9,252,495

*Includes County Bonds

**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	Mininum Bid*	Bonus Bid	Sum Base Rental
12/16/2010	03-111282	W of Houghton Rd. approx. 3 mi. S of I-10, Pima County	No	1	No	\$1,000,000	N/A	\$ 11,517,524.61

*Minimum Bid based upon appraised land value rather than 1st year rent







1616 West Adams • Phoenix, Arizona 85007

www.land.state.az.us