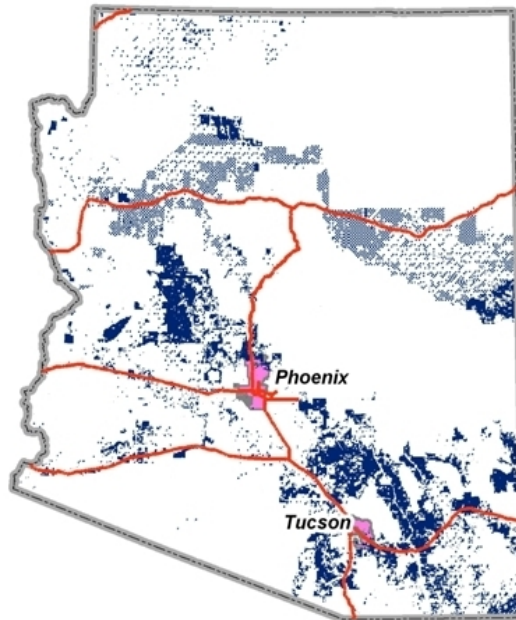


Fund and Beneficiary Summary Common Schools (K-12)

- 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

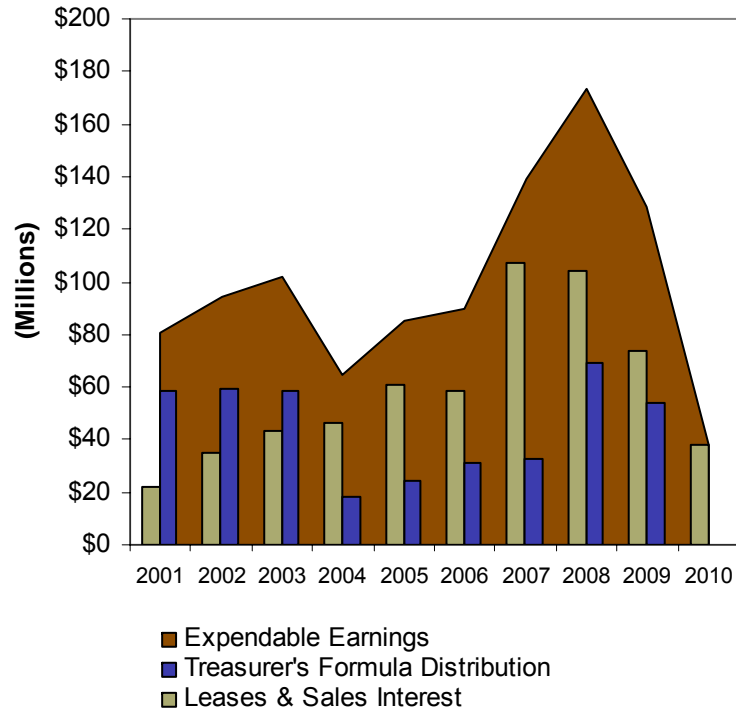
Fund and Beneficiary Summary Common Schools (K-12)

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

