



A REPORT
TO THE
ARIZONA LEGISLATURE

Financial Audit Division

Financial Statement Audit

State of Arizona

Statement of Federal Land Payments

October 1, 2005 through September 30, 2006



Debra K. Davenport
Auditor General

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State of Arizona
Statement of Federal Land Payments
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DEBRA K. DAVENPORT, CPA
AUDITOR GENERAL

**STATE OF ARIZONA
OFFICE OF THE
AUDITOR GENERAL**

WILLIAM THOMSON
DEPUTY AUDITOR GENERAL

Independent Auditors' Report

Members of the Arizona State Legislature

State of Arizona, Department of Administration

We have audited the accompanying Statement of Federal Land Payments of the State of Arizona for the period October 1, 2005 through September 30, 2006. This statement is the responsibility of the State of Arizona. Our responsibility is to express an opinion on this statement based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the *Audit Guide for Bureau of Land Management Payments in Lieu of Taxes Program* prepared by the Office of the Inspector General, U.S. Department of the Interior. Those standards and the cited audit guide require that we plan and perform the audit to obtain reasonable assurance about whether the Statement of Federal Land Payments is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, this Statement of Federal Land Payments was prepared on the cash basis, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

In our opinion, the Statement of Federal Land Payments referred to above presents fairly, in all material respects, the payments that the State of Arizona made to qualified local governmental subdivisions under 31 United States Code (U.S.C.) 6901 et seq, for the period October 1, 2005 through September 30, 2006, in accordance with the regulatory requirements and on the basis of accounting described in Note 1.

This report is intended solely for the information and use of the addressees and for filing with the U.S. Department of the Interior, Bureau of Land Management, and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record, and its distribution is not limited.

Dennis L. Mattheisen, CPA
Financial Audit Director

December 8, 2006

STATE OF ARIZONA
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Federal Agency Making Payment and Payment Type

| Local Unit | USFS/MMS Timber and Secure Schools Title I (A.R.S.) <u>\$11-497</u> | USFS Secure Schools Title III | USFS Bankhead- Jones | BLM/MMS Mineral Leasing (A.R.S.) <u>\$37-741(B)</u> | BLM Taylor Grazing | | BLM Bankhead- Jones | BLM Sale of Materials (A.R.S.) <u>\$\$37-521 to 525</u> | FERC Power Sales (A.R.S.) <u>142(A)</u> | FWS Refuge Revenue Sharing | Total Retained |
|-------------------|--|--|----------------------------|---|--|-------------------------------------|---------------------------|---|---|-------------------------------------|--------------------|
| | | | | | \$3 (A.R.S.) <u>\$\$37-723 & 725</u> | \$15 (A.R.S.) <u>\$37-724</u> | | | | | |
| Apache County | | | | | | | | | | | \$ 97,663 |
| Cochise County | \$ 97,663 | | | | | | | | | | \$ 97,663 |
| Coconino County | 1,874,864 | \$735,876 | | | | | | | \$ 9,168 | | 2,619,908 |
| Gila County | 59,352 | | | | | | | | 2,397 | | 61,749 |
| Graham County | 79,030 | | | | | | | | | | 79,030 |
| Greenlee County | 397,065 | | | | | | | | | | 397,065 |
| La Paz County | | | | | \$ 4,825 | | | | | | 4,825 |
| Maricopa County | 124,794 | | | | 16,966 | \$ 332 | | | | | 142,092 |
| Mohave County | 519 | | | | | | | | | | 519 |
| Navajo County | 175,000 | | | | | | | | | | 175,000 |
| Pima County | 76,460 | | | | | | | | | | 76,460 |
| Pinal County | 49,153 | | | | 1,451 | 21,051 | | | | | 71,655 |
| Santa Cruz County | 83,528 | | | | | 1,846 | | | | | 85,374 |
| Yavapai County | 775,886 | 136,921 | | | 2,475 | 33,870 | | | | | 949,152 |
| Yuma County | | | | | | | | | | | |
| Total | <u>\$3,793,314</u> | <u>\$872,797</u> | | | <u>\$25,717</u> | <u>\$57,099</u> | | | <u>\$11,565</u> | | <u>\$4,760,492</u> |

Abbreviations Used:

USFS – U.S. Forest Service
MMS – Mineral Management Service
A.R.S. – Arizona Revised Statutes
BLM – Bureau of Land Management
FERC – Federal Energy Regulatory Commission
FWS – Federal Wildlife Service

See accompanying notes to statement.

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Note 1 - Basis of Accounting

The Statement of Federal Land Payments was prepared on the basis of cash disbursements that the State of Arizona made to qualified local governmental subdivisions during the period October 1, 2005 through September 30, 2006, under 31 U.S.C. 6901 et seq, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles. This basis of reporting federal land payments is prescribed by the U.S. Department of the Interior Rules and Regulations (43 Code of Federal Regulations Part 1881.23) and is in accordance with the provisions of the October 16, 1978, Comptroller General of the United States Decision B-167553.

Note 2 - Reconciliation of Federal Land Payments

The following presents a reconciliation of the amounts presented on the Statement of Federal Land Payments to the Bureau of Land Management's (BLM) Schedule of Prior Year Payments Received By State and Local Governments During the Period October 1, 2005 through September 30, 2006:

Timber and Secure Schools, Title I and Title III

The State received \$7,378,979 of Timber and Secure Schools receipts, which were disbursed to the counties. Subsequently, the counties distributed \$2,712,868 to the benefit of the school districts (including accommodation school districts) and retained \$4,666,111.

Bankhead-Jones

Monies the State received from the Bankhead-Jones Act are credited to the University of Arizona in compliance with the Enabling Act. The State received no amounts under this program.

Mineral Leasing

The State received and retained \$134,620 of Mineral Leasing receipts and had \$8,526 on hand that was received during federal fiscal year 2005. During federal fiscal year 2006, 50 percent of these monies were used for secondary roads, and the other 50 percent were transferred to the permanent state school fund, except for the final installment received in 2006 of \$12,503 that had not yet been used by the State as of September 30, 2006.

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Taylor Grazing, Sections 3 and 15

The State received \$69,650 and \$106,079, respectively, of Taylor Grazing Sections 3 and 15 monies from October 1, 2005 through September 30, 2006. During the period, the State disbursed \$69,650 and \$106,079 to the counties from current year's receipts of Taylor Grazing, Sections 3 and 15, respectively. The counties distributed these monies as prescribed by A.R.S. §§37-724 and 37-725, except for La Paz, Maricopa, Pinal, Santa Cruz, and Yavapai Counties. As of September 30, 2006, Maricopa, Pinal, Santa Cruz, and Yavapai Counties had not disbursed \$332, \$21,051, \$1,846, and \$33,870, respectively, of the Taylor Grazing, Section 15 monies received. As of September 30, 2006, La Paz, Maricopa, Pinal, and Yavapai Counties had not disbursed \$4,825, \$16,966, \$1,451, and \$2,475, respectively, of the Taylor Grazing, Section 3 monies received since either the County did have a range improvement district or the range improvement district did not request the monies.

Sale of Materials

The State received \$100,476, which was retained in the State's permanent land funds to be applied in accordance with their respective purposes.

Power Sales

The State received but did not distribute \$11,744 of power sales revenues from October 1, 2005 through September 30, 2006, which will be disbursed to Coconino and Gila Counties in the next federal fiscal year. However, the State disbursed \$9,168 and \$2,397 to Coconino and Gila Counties, respectively, for Power Sales revenues received during federal fiscal year 2005, and these distributions have been included in the amounts the County retained from October 1, 2005 through September 30, 2006.

Refuge Revenue Sharing

Federal Wildlife Service Refuge receipts are paid directly to the counties. There are no statutes governing the counties' use of these receipts. The State received no amounts under this program.

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A.R.S. §11-497. Disbursement of forest reserve monies

The treasurer shall notify the clerk of the board of supervisors and the county school superintendent of the amount received from the state treasurer as the county share of pass through monies from the United States from forest reserves, as provided in §41-736, and thereafter the money shall be disbursed for the benefit of public schools and public roads of the county as the board of supervisors may direct.

A.R.S. §35-142. Monies kept in funds separate from state general fund; receipt and withdrawal

- A. All monies received for and belonging to the state shall be deposited in the state treasury and credited to the state general fund except the following, which shall be placed and retained in separate funds:
1. The unexpendable principal of monies received from federal land grants shall be placed in separate funds and the account of each such separate fund shall bear a title indicating the source and the institution or purpose to which such fund belongs.
 2. The interest, rentals, and other expendable money received as income from federal land grants shall be placed in separate accounts, each account bearing a title indicating the source and the institution or purpose to which the fund belongs. Such expendable monies shall be expended only as authorized, regulated and controlled by the general appropriation act or other act of the legislature.
 3. All private or quasi-private monies authorized by law to be paid to or held by the state treasurer shall be placed in separate accounts, each account bearing a title indicating the source and purpose of such fund.
 4. All monies legally pledged to retirement of building indebtedness or bonds issued by those institutions authorized to incur such indebtedness or to issue such bonds shall be placed in separate accounts.
 5. Monies of a multi-county water conservation district authorized by law to be paid to or held by the state treasurer shall be placed in separate accounts, each account bearing a title indicating the source and purpose of such fund.
 6. All monies collected by Arizona game and fish department shall be deposited in a special fund known as the state game and fish protection fund for the use of the Arizona game and fish commission in carrying out the provisions of title 17.

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A.R.S. §35-142. Monies kept in funds separate from state general fund; receipt and withdrawal (Cont'd)

7. All federal monies that are received by the department of economic security for family assistance benefits and medical eligibility as a result of efficiencies developed by the department of economic security and that would otherwise revert to the state general fund pursuant to §35-190 shall be retained for use by the department of economic security in accordance with the terms and conditions imposed by the federal funding source in an account or accounts established or authorized by the state treasurer.
 8. Monies designated by law as special state funds shall not be considered a part of the general fund. Unless otherwise prescribed by law, the state treasurer shall be the custodian of all such funds.
 9. All monies received and any accounts established and maintained by the director of the Arizona state retirement system or the fund manager of the public safety personnel retirement system, the corrections officer retirement plan and the elected officials' retirement plan.
- B. No money shall be received or held by the state treasurer except as authorized by law, and in every instance the treasurer shall issue a receipt for money received and shall record the transaction in the statewide accounting system. No money shall be withdrawn from the treasury except upon the warrant or electronic funds transfer voucher of the department of administration.
- C. All federal monies granted and paid to the state by the federal government shall be accounted for in the accounts or funds of the state in the necessary detail to meet federal and state accounting, budgetary and auditing requirements, and all appropriations for matching such federal monies shall be transferred from the general fund to such separate funds as needed, except as otherwise required by the federal government.
- D. Nothing in this section requires the establishment of separate accounts or funds for such federal monies unless otherwise required by federal or state law. The department of administration has the authority to use the most efficient system of accounts and records, consistent with legal requirements and standard and necessary fiscal safeguards.
- E. Nothing in this section precludes the creation by the department of administration of a clearing account or other acceptable accounting method to effect prompt payment of claims from an approved budget or appropriation. The department of administration shall report each account or fund established or cancelled to the directors of the joint legislative budget committee and the governor's office of strategic planning and budgeting.

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A.R.S. §35-142. Monies kept in funds separate from state general fund; receipt and withdrawal (Cont'd)

- F. Nothing in this section or any other section precludes the use of monies kept in funds separate from the general fund, the interest from which accrues to the general fund, for payment of claims against the general fund, provided sufficient monies remain available for payment of claims against such funds.
- G. The department of administration may issue warrants for qualified expenditures of federal program monies before they are deposited in the state treasury. The receipt of federal monies shall be timed to coincide, as closely as administratively feasible, with the redemption of warrants by the state treasurer. The department of administration shall limit expenditures to the amount that has been made available for the use under the grant award by the federal government. The state agency initiating the expenditures is responsible for ensuring that expenditures qualify for coverage under the guidelines of the federal grant award.
- H. The department of administration shall establish the policies and procedures for all state agencies for drawing federal monies. When the established method results in federal monies being held by this state, the department of administration may use the interest earned on the monies to pay the federal government for any related interest liability. If an interest liability is incurred due to a state agency varying from the established policies and procedures, the department of administration shall charge the appropriate agency account or fund. Interest payment charges to agencies shall be reported by the department of administration to the joint legislative budget committee on or before March 1. Any federal interest liability owed to this state as a result of the delayed federal disbursements shall be used to offset this state's interest liability to the federal government. Any remaining interest earnings shall be deposited in the state general fund.
- I. Any state agency or authorized agent of a state agency may accept credit cards pursuant to an agreement entered into by the state treasurer pursuant to §35-315 for the payment of any amount due to that agency or agent or this state.
- J. Except for the department of revenue for tax payments, agencies or authorized agents on behalf of state agencies that accept credit cards shall deduct any applicable discount fee and processing fee associated with the transaction amount before depositing the net amount in the appropriate state fund. No other reduction is permitted against the transaction amount. The net amount deposited in the appropriate state fund shall be considered as the full deposit required by law of monies received by the agency or the authorized agent. Payment of any applicable discount fee and processing fee shall be accounted for in the annual report submitted to the governor's office of strategic planning and budgeting in accordance with §41-1273. The transaction amount of any credit card transaction shall not be reduced by any discount fee or processing fee in an amount in excess of the merchant card settlement fees reflected in the state banking contract with the state treasurer's office.

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A.R.S. §35-142. Monies kept in funds separate from state general fund; receipt and withdrawal (Cont'd)

- K. Any state agency that contracts with an authorized agent for the electronic processing of transactions pursuant to title 41, chapter 23 may include a provision in the contract to allow the authorized agent to impose a convenience fee. If allowed, the convenience fee shall be charged to the cardholder in addition to the transaction amount, except for the following:
1. Except as provided in subsection R of this section, any permits, licenses or other authorizations needed to pursue a trade or occupation in this state.
 2. Except as provided in subsection R of this section, any permits, licenses or other authorizations needed to establish, expand or operate a business in this state.
 3. Except as provided in subsection R of this section, any permits, licenses or other authorizations needed to register a vehicle or license a driver in this state.
- L. Each state agency or its authorized agent shall:
1. Deduct the amount of the convenience fee before depositing the transaction amount or the transaction amount reduced by the discount fee or the processing fee, or both, into the appropriate state fund.
 2. Not deduct any part of the convenience fee from the transaction amount before depositing the net amount into the appropriate state fund.
 3. Deduct the amount of the discount fee or the processing fee, or both, from the transaction amount before depositing the net amount into the appropriate state fund.
- M. The net amount deposited in the appropriate state fund pursuant to subsection K or subsection L of this section shall be considered as the full deposit of monies that is required by law and that is received by the agency.
- N. Notwithstanding §35-142.01, convenience fees received by a state agency or its authorized agent are limited to, and may be used to offset, the costs imposed by the authorized agent in processing the transactions.
- O. When the percentage of electronic transactions first exceeds at least 30 percent of a state agency's total transactions, the state agency shall perform a cost benefit report, including costs of convenience fees, the amount of revenue generated and any realized cost savings. The state agency shall submit the cost benefit report to the joint legislative budget committee within 6 months after reaching the 30 percent threshold.

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A.R.S. §35-142. Monies kept in funds separate from state general fund; receipt and withdrawal (Concl'd)

- P. State agencies shall report the number of transactions, the number of electronic transactions, the total dollar amount of transactions processed, the total dollar amount of any discount fee, the total dollar amount of any processing fee and the total dollar amount of any convenience fee charged, deducted, or paid pursuant to subsections J and K of this section annually by October 1 to the governor, the government information technology agency and the joint legislative budget committee.
- Q. Nothing in this section or any other provision of law authorizes any state agency, authorized agent of any state agency or budget unit to establish a bank account for any government monies. All monies received by or on behalf of this state shall be deposited with and in the custody of the state treasurer or in an account that is authorized by the state treasurer pursuant to this section. This subsection does not apply to monies received and any accounts established and maintained by the director of the Arizona state retirement system or the fund manager of the public safety personnel retirement system, the corrections officer retirement plan and the elected officials' retirement plan.
- R. If a state agency provides an alternative method of payment, the convenience fee may be charged to the cardholder in addition to the transaction amount.

A.R.S. §37-521. Permanent state school fund; composition; use

- A. The permanent state school fund shall consist of:
1. The proceeds of all lands granted to the state by the United States for the support of common schools.
 2. All property which accrues to the state by escheat or forfeiture.
 3. All property donated for the benefit of the common schools, unless the terms of the donation otherwise provide.
 4. All unclaimed shares and dividends of any corporation incorporated under the laws of this state.
 5. The proceeds of sale of timber, mineral, gravel or other natural products or property from school lands and state lands other than those granted for specific purposes.
 6. The residue of the lands granted for payment of the bonds and accrued interest issued by Maricopa, Pima, Yavapai and Coconino counties, after the purpose of the grant has been satisfied, and the 5 percent of the proceeds of sales of public lands lying within this state sold by the United States subsequent to admission of this state into the union, as granted by the enabling act.

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A.R.S. §37-521. Permanent state school fund; composition; use (Concl'd)

- B. The fund shall be and remain a perpetual fund and distributions from the fund pursuant to article X, section 7, Constitution of Arizona, plus monies derived from the rental of the lands and property, interest and accrued rent for that year credited pursuant to §37-295 and interest paid on installment sales, shall be used as follows:
1. If there are outstanding state school facilities revenue bonds pursuant to title 15, chapter 16, article 6, outstanding qualified zone academy bonds pursuant to title 15, chapter 16, article 7 or outstanding state school trust revenue bonds issued to correct existing deficiencies prescribed by §15-2021, the state treasurer and the state land department shall annually transfer to the state school facilities revenue bond debt service fund established in §15-2054, the state school improvement revenue bond debt service fund established in §15-2084 and the state school trust revenue bond debt service fund the amount that is necessary to pay that fiscal year's debt service on outstanding state school facilities revenue bonds, qualified zone academy bonds and state school trust revenue bonds, before transferring amounts for any other uses.
 2. If there are no outstanding state school facilities revenue bonds pursuant to title 15, chapter 16, article 6 or if the amount of monies available under this subsection exceeds the amount required under paragraph 1 of this subsection, the monies are subject to legislative appropriation to the new school facilities fund established by §15-2041.
 3. If the amount of monies available under this subsection exceeds the amount required under paragraphs 1 and 2 of this subsection, the legislature may annually appropriate an amount to be used as provided in §15-971, subsection H, except that the amount appropriated may not exceed the amount appropriated from the permanent state school fund and from the rent and interest paid on installment sales for this purpose in fiscal year 2000-2001.
 4. Notwithstanding paragraphs 1, 2, and 3 of this subsection, from and after June 30, 2001, any expendable earnings under this subsection that exceed the fiscal year 2000-2001 expendable earnings shall be deposited in the classroom site fund established by §15-977.

A.R.S. §37-522. Universities land fund; composition; use

- A. The universities land fund shall consist of:
1. The proceeds of all lands granted to the state by the United States for university purposes.
 2. All property donated by individuals for university purposes, unless the terms of the donation otherwise provide.
 3. The sale of timber, mineral, gravel or other natural products or property from lands granted or given for university purposes.

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A.R.S. §37-522. Universities land fund; composition; use (Concl'd)

- B. The fund is and shall remain a perpetual fund for the benefit and support of the universities of this state and distributions from the fund pursuant to article X, section 7, Constitution of Arizona together with the monies derived from the sales of timber or timber products and the rental of the lands and property, including interest and accrued rent for that year credited pursuant to §37-295, shall be used.

A.R.S. §37-523. Normal schools land fund; composition; use

- A. The normal schools land fund shall consist of:

1. The proceeds of all lands granted to the state by the United States for normal schools for the purpose of training teachers.
2. All property donated for normal schools, teacher colleges or colleges of education for the purpose of training teachers, unless the terms of the donation otherwise provide.
3. The sale of timber, mineral, gravel or other natural products of property granted or donated for such purposes.

- B. The fund shall be and remain a perpetual fund for the benefit and support equally of the universities for the purpose of training teachers and distributions from the fund pursuant to article X, section 7, Constitution of Arizona together with the monies derived from the rental of the lands and property, including interest and accrued rent for that year credited pursuant to §37-295, shall be used.

A.R.S. §37-524. Agricultural and mechanical colleges land fund and school of mines land fund; composition; use

- A. The agricultural and mechanical colleges land fund, and the school of mines land fund, shall separately consist of the proceeds of:

1. All lands granted to the state by the United States for the respective purposes named.
2. All property donated by individuals for like purposes, unless the terms of the donation otherwise provide.
3. The sale of timber, mineral, gravel or other natural products or property from lands granted or donated for such purposes.

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A.R.S. §37-524. Agricultural and mechanical colleges land fund and school of mines land fund; composition; use (Concl'd)

- B. The funds provided for in this section shall be and remain perpetual funds for the benefit and support of the agricultural and mechanical colleges and the schools of mines at the universities and distributions from the funds pursuant to article X, section 7, Constitution of Arizona together with the money derived from the rental of lands and property, including interest and accrued rent for that year credited pursuant to §37-295, shall be used.

A.R.S. §37-525. Other land funds; composition; use

- A. The legislative, executive, and judicial public buildings land fund, the penitentiary land fund, the Arizona state hospital land fund, the state charitable, penal and reformatory institutions land fund, the schools and asylum for the deaf, dumb and blind land fund, the miners' hospital for disabled miners land fund and the military institutes land fund shall separately consist of:

1. The proceeds of all lands granted to this state by the United States for the respective purposes named.
2. All property donated by individuals for like purposes, unless the terms of the donation otherwise provide.
3. The sale of timber, mineral, gravel, or other natural products or property from lands granted or donated for such purposes.

- B. The funds shall be and remain perpetual funds for the benefit and support of institutions corresponding to the purposes for which the funds are established, except as otherwise provided in the enabling act and §37-295 and distributions from the funds pursuant to article X, section 7, Constitution of Arizona together with the monies derived from the rental of the lands and property, shall be used. Monies in the state charitable, penal and reformatory institutions land fund are subject to legislative appropriation.

A.R.S. §37-723. Distribution of money received from United States; appropriations to counties

- A. All monies received by the state as its distributive shares of the amounts collected by the United States government under the provisions of the act of Congress of June 28, 1934 known as the Taylor grazing act, and acts amendatory thereof, shall be deposited with the state treasurer. The treasurer shall distribute the funds to the several counties of the state in which the public lands are located.

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A.R.S. §37-723. Distribution of money received from United States; appropriations to counties (Concl'd)

- B. The state treasurer shall ascertain from the proper United States officers having the records of receipts from grazing permits and leased public lands the amount of receipts from sources in this state for each year for which money is received by the state. A separate account shall be kept of the amount received from each grazing district and lease of public lands, and the state treasurer shall pay the county in which the grazing district or leased public land is located. If the grazing district or leased land lies in more than one county, each county shall receive the proportional part of the amount as the area of the grazing district or leased public land included within the boundary of the county bears to the total area of the grazing district or lease.
- C. For purposes of this section the monies deposited with the state treasurer as provided by subsection A are appropriated to the several counties of the state in the proportions in which the counties are entitled thereto, as shown by the records of the United States officers and transmitted to the state treasurer.

A.R.S. §37-724. Receipts from lease of public lands

All monies received from leases of public lands within any county shall be placed to the credit of the school district within the county in which the land lies. If the lands do not lie within a school district, the monies shall be placed to the credit of the general school fund of the county.

A.R.S. §37-725. Receipts from grazing district fees; district treasurer; duties

- A. All monies received from grazing fees of a grazing district regularly established and including public lands within the county shall be placed to the credit of a special fund designated the range improvement fund of the grazing district which shall be given a number.
- B. The county treasurer of the county in which such public lands are located shall be the exofficio district treasurer of any federal grazing district located wholly or in part within the county, and shall be liable upon his official bond for the proper care and distribution of the monies. He shall collect, receive, receipt and account for all monies from such source, and shall pay it upon the warrant of the grazing district signed by the chairman of the board of district advisors and countersigned by the vice-chairman thereof and the regional grazier in administrative charge of the district.

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A.R.S. §37-741. Public roads and public education fund; purposes; approval of expenditures by legislature; distribution

- A. There is created a special fund known as the state public roads and public education fund. There shall be deposited in the fund all monies received by the state as its distributive shares of the amounts collected by the United States government under the provisions of the act of Congress of February 25, 1920, chapter 85 (41 Stat. 437) and acts amendatory thereof, entitled, “an act to promote the mining of coal, phosphate, oil, oil shale, gas and sodium on the public domain.”
- B. No monies shall be expended from the fund created by subsection A of this section without prior approval therefore by an act of the legislature. The legislature may authorize expenditures from the fund for any of the following purposes:
 - 1. The construction and maintenance of public roads.
 - 2. The support of public schools or other public educational institutions.
- C. At the beginning of each fiscal year, one-half of the balance in the state public roads and public education fund shall be transferred to the state highway fund to be expended for secondary roads and one-half shall be transferred to the permanent state school fund and shall be administered as provided by §37-521.