



Douglas A. Ducey  
Governor

Lisa A. Atkins  
Commissioner

## Arizona State Land Department

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(602) 542-4631

September 3, 2019

Honorable Douglas A. Ducey  
Governor, State of Arizona  
1700 West Washington Street  
Phoenix, Arizona 85007

Dear Governor Ducey:

On behalf of the Arizona State Land Department (ASLD), I am pleased to submit our Fiscal Year 2019 (FY 2019) Annual Report, pursuant to A.R.S. § 31-132. Following is a summary of ASLD's management activities and revenues collected during the fiscal year.

Over the past year, ASLD has been steadfast in its mission to actively manage the assets of a perpetual, multi-generational land trust for the support of the Beneficiaries and future generations of Arizonans.

In FY 2019, ASLD generated \$216.1 million total revenue; including \$146.2 million from land sales and \$8.3 million in royalties, both of which enhanced the Permanent Land Endowment Trust Fund. Additionally, the Department generated \$54.0 million from leases, distributed directly to the Beneficiaries as expendable revenue, and \$7.6 million in fees, which are used to partially fund the operating expenses of the Department.

Highlights of FY 2019 operations include:

- Responding to a favorable commercial real estate market in Arizona, ASLD held 16 successful land sale and lease auctions generating higher sales than any year since FY 2007. The results included the following auctions of note:
  - 134 acres on September 4, 2017, generating \$83.0 million
  - 125 acres on July 17, 2018, for \$31.4 million
  - 51 acres on November 7, 2018, for \$25.8 million
  - 140 acres on December 4, 2018, for \$22.6 million
- Continuing our strategic initiative to create sustainable Zoning Banks as a standard model for expanding appropriate land use entitlements on Trust land being taken to auction throughout Arizona. In June 2019, ASLD established a zoning bank with

the City of Surprise, which will expand our potential customer base, as well as significantly reduce timelines to both auction and build products for our customers.

- ASLD has continued digitation of internal processes on Salesforce, further solidifying your goals of efficient government, operating at the speed of business. Key projects of note:
  - The project to digitize more than 20,000 Rights of Way documents is complete, and will reduce application processing times.
  - The Public Records and several Natural Resource Conservation District (NRCD) processes have been transitioned to the Salesforce workflow, significantly improving efficiency.
- ASLD is proud that our annual Employee Engagement Survey increased to a total agency score of 3.4, out of 4, the 3<sup>rd</sup> successive year of increase and improvement. Enhancing our ASLD workforce is a key goal in our Strategic Plan. This year's result is validation that our efforts to improve employee recognition, professional development and career pathing are having an impact.

Thank you for the opportunity to serve the Trust Beneficiaries, their customers, and the people of Arizona, as State Land Commissioner. It is a privilege and honor for our ASLD team to continue advancing the interests of all those we serve, and to grow one of our State's largest economic development assets available.

Sincerely,



Lisa A. Atkins  
Commissioner

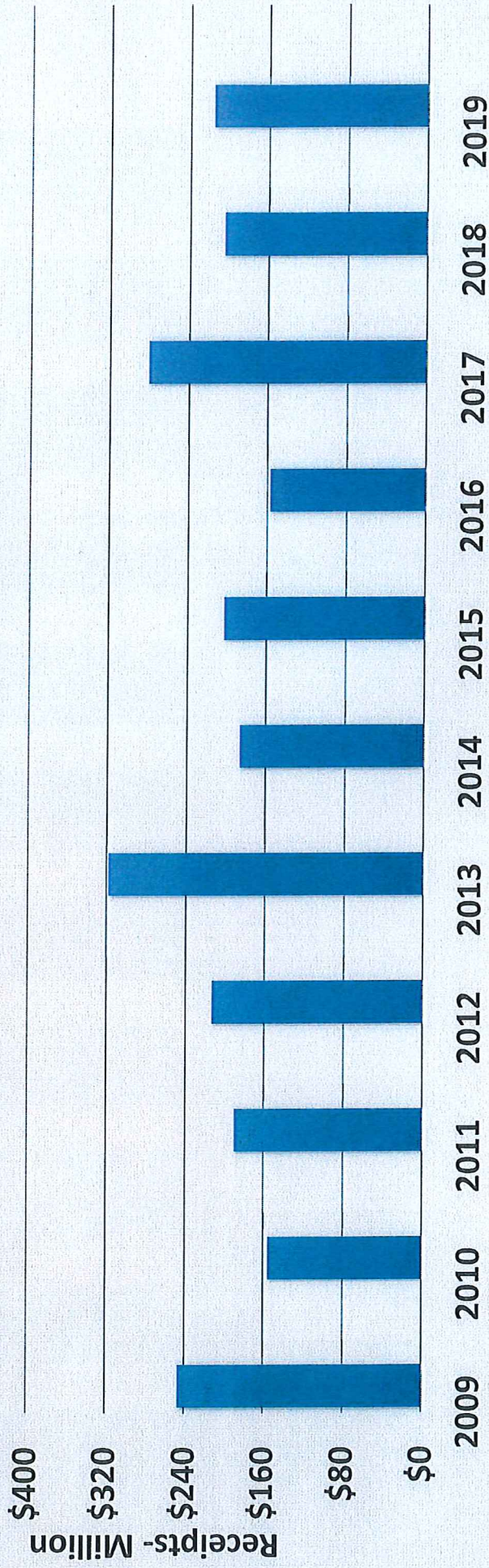


# Annual Report Supplemental Schedules

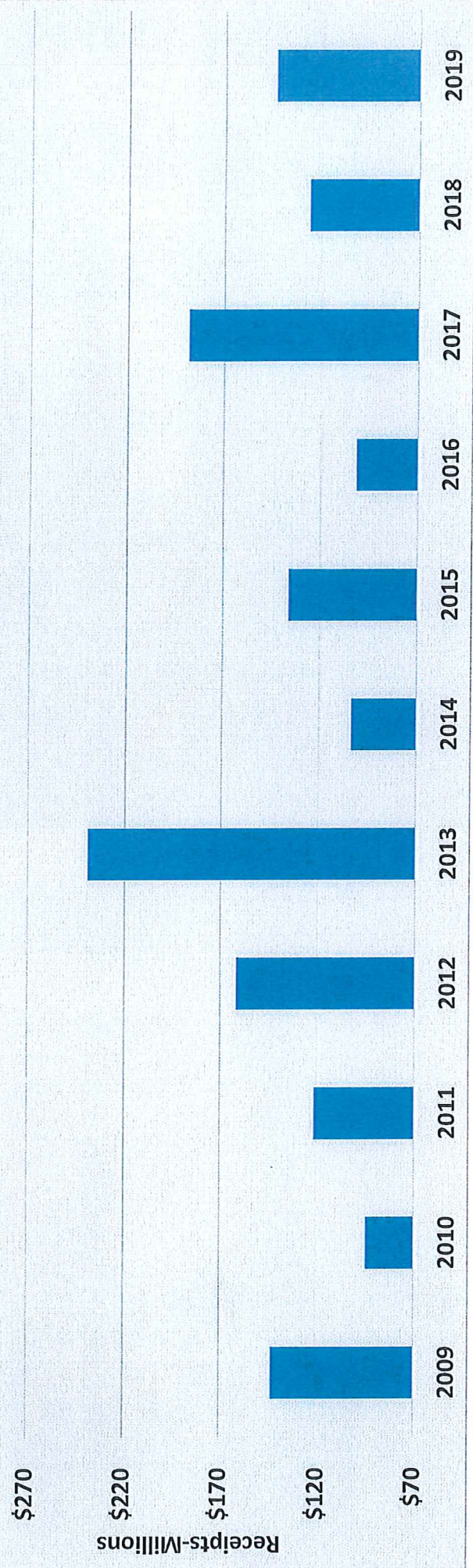
*FY 2019*



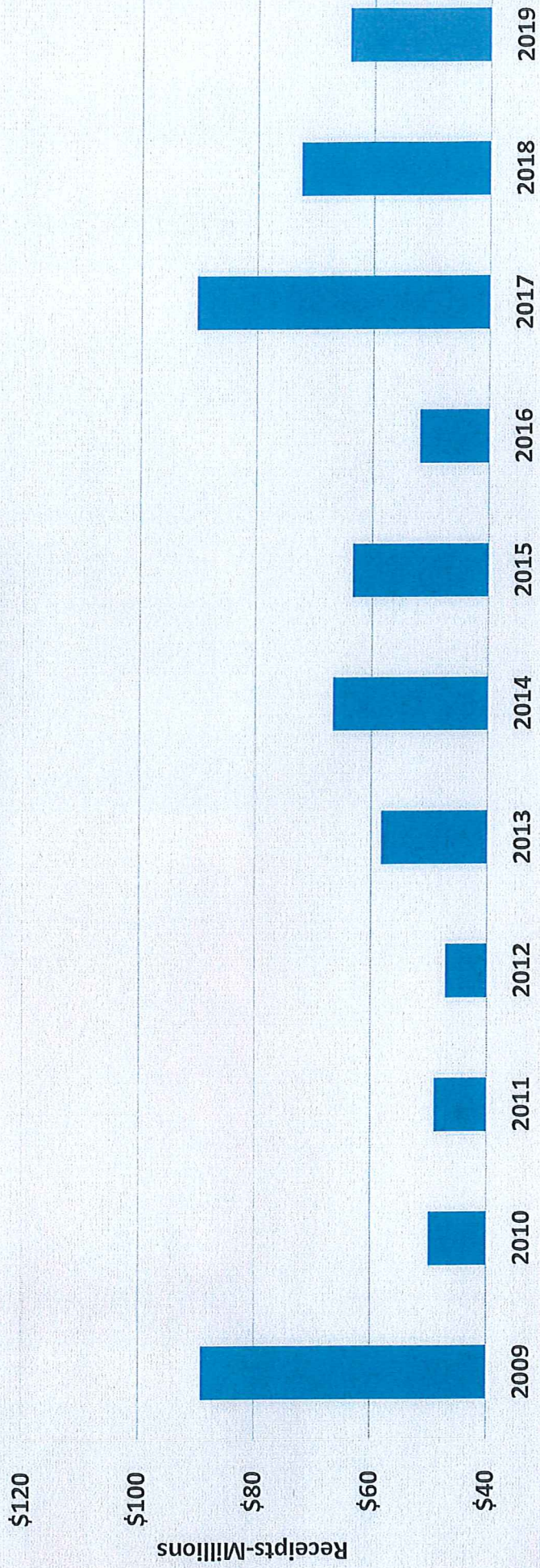
### Total Trust Revenue FY 2009-2019



Permanent Receipts FY 2009-2019



### Expendable Receipts 2009-2019



RECEIPTS BY CATEGORY - FY 2019

Row Labels	LEASE RENTAL	OTHER RECEIPTS	PENALTY AND INTEREST	ROYALTY	SALES INTEREST	SALES PRINCIPAL	Grand Total
<b>General Fund</b>	<b>\$ 130,498</b>	<b>\$ 7,611,979</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 229,877</b>	<b>\$ 7,972,354</b>
F.E.M.A. Lands	\$ 7,300	-	\$ -	-	-	-	7,300
Farm Loan Lands	\$ 4,339	-	\$ -	-	-	-	4,339
Fees: Lease,Sale & Misc	\$ -	(1,272)	\$ -	-	-	-	(1,272)
Fees: Trust Land Mgt Fund	\$ -	7,613,251	\$ -	-	-	-	7,613,251
Lands Held in Trust	\$ 10,510	-	\$ -	-	-	-	10,510
Navigable Streambeds	\$ 108,349	-	\$ -	-	-	229,877	338,226
<b>School &amp; Institutions</b>	<b>\$ 53,572,308</b>	<b>\$ -</b>	<b>\$ 246,719</b>	<b>\$ 8,288,768</b>	<b>\$ 10,325,386</b>	<b>\$ 135,666,464</b>	<b>\$ 208,099,645</b>
A&M Colleges	\$ 314,059	-	\$ 378	4,706	-	-	319,143
Common Schools	\$ 46,231,457	-	\$ 195,304	6,951,190	10,325,386	120,573,692	184,277,029
Leg., Exec & Judicial	\$ 127,729	-	\$ 1,922	25,867	-	24,814	180,331
Military Institutes	\$ 67,986	-	\$ 92	-	-	829	68,908
Miners' Hospital	\$ 1,805,769	-	\$ 27,864	234,519	-	1,001,757	3,069,910
Normal Schools	\$ 190,300	-	\$ 193	142,719	-	-	333,212
Penitentiaries	\$ 1,195,034	-	\$ 1,230	6,433	-	68	1,202,765
School for the Deaf & Blind	\$ 181,996	-	\$ 1,791	83	-	119,925	303,795
School of Mines	\$ 172,302	-	\$ 1,390	41,155	-	-	214,846
St Char., Pen. & Ref	\$ 1,784,355	-	\$ 1,286	691,379	-	7,057,758	9,534,778
State Hospital	\$ 339,054	-	\$ 1,740	43,807	-	2,851	387,452
U of A (Act of 2/18/1881)	\$ 487,071	-	\$ 9,500	142,397	-	315,024	953,992
University Land Code	\$ 675,196	-	\$ 4,029	4,515	-	6,569,746	7,253,485
<b>Grand Total</b>	<b>\$ 53,702,806</b>	<b>\$ 7,611,979</b>	<b>\$ 246,719</b>	<b>\$ 8,288,768</b>	<b>\$ 10,325,386</b>	<b>\$ 135,896,341</b>	<b>\$ 216,071,999</b>

## REVENUE BY BENEFICIARY FY 2019

BENEFICIARIES	TOTAL COLLECTED	EXPENDABLE	PERMANENT
Common Schools	\$ 184,277,029	\$ 56,752,147	\$ 127,524,882
Normal Schools	\$ 333,212	\$ 190,493	\$ 142,719
Agricultural & Mechanical Colleges	\$ 319,143	\$ 314,437	\$ 4,706
Military Institutes	\$ 68,908	\$ 68,079	\$ 829
School of Mines	\$ 214,846	\$ 173,691	\$ 41,155
University Land Code	\$ 7,253,485	\$ 679,225	\$ 6,574,260
University of Arizona (Act of 2/18/1881)	\$ 953,992	\$ 496,571	\$ 457,421
School for the Deaf & Blind	\$ 303,795	\$ 183,787	\$ 120,008
<b>SUBTOTAL EDUCATION</b>	<b>\$ 193,724,410</b>	<b>\$ 58,858,430</b>	<b>\$ 134,865,979</b>
Legislative, Executive & Judicial Buildings	\$ 180,331	\$ 129,651	\$ 50,680
State Hospital	\$ 387,452	\$ 340,794	\$ 46,658
Miners' Hospital	\$ 3,069,910	\$ 1,833,633	\$ 1,236,276
State Charitable, Penal & Reformatory	\$ 9,534,778	\$ 1,785,641	\$ 7,749,137
Penitentiaries	\$ 1,202,765	\$ 1,196,264	\$ 6,501
<b>SUBTOTAL NON-EDUCATION</b>	<b>\$ 14,375,235</b>	<b>\$ 5,285,983</b>	<b>\$ 9,089,253</b>
<b>GRAND TOTAL</b>	<b>\$ 208,099,645</b>	<b>\$ 64,144,413</b>	<b>\$ 143,955,232</b>



## STATE TRUST LAND ACREAGE BY BENEFICIARY FY 2019

BENEFICIARY	FY 1978	FY 2019
Common Schools (K - 12)*	8,342,469	8,051,126
Normal Schools	172,405	174,786
Agricultural & Mechanical Colleges	134,469	124,944
Military Institutes	82,945	80,168
School of Mines	132,882	123,256
University Land Code	166,354	137,778
University of Arizona (Act of 2/18/1881)	62,216	48,916
School for the Deaf & Blind	84,209	82,558
Legislative, Executive & Judicial Buildings	66,660	64,229
State Hospital	79,198	71,248
Miners' Hospital	48,648	47,545
Miners' Hospital (1929)	53,311	47,686
State Charitable, Penal & Reformatory	80,010	77,079
Penitentiaries	80,830	76,111
<b>TOTAL</b>	<b>9,586,606</b>	<b>9,207,430</b>

\*Includes County Bonds

STATE TRUST LAND USES FY 2019

SURFACE_LEASES	NO_OF_LEASES	% OF LEASE	TOTAL_ACREAGE	% OF ACREAGE
Rights of Way	7,815	74.71%	189,403	2.05%
Grazing	1,193	11.40%	8,380,081	90.63%
Commercial	279	2.67%	69,755	0.75%
Commercial School Leases	21	0.20%	1,143	0.01%
Agriculture	344	3.29%	157,114	1.70%
Use Permits	643	6.15%	418,473	4.53%
U.S. Government	154	1.47%	17,430	0.19%
Institutional Taking	9	0.09%	12,685	0.14%
Recreational	3	0.03%	0	0.00%
<b>SUBTOTAL SURFACE_LEASES</b>	<b>10,461</b>	<b>100.00%</b>	<b>9,246,084</b>	<b>100.00%</b>
SUBSURFACE	NO_OF_LEASES	% OF LEASE	TOTAL_ACREAGE	% OF ACREAGE
Mineral	41	4.18%	45,505	5.51%
Mineral Exploration	664	67.62%	341,174	41.32%
Mineral Material	22	2.24%	2,740	0.33%
Oil & Gas	255	25.97%	436,184	52.83%
<b>SUBTOTAL SUBSURFACE_LEASES</b>	<b>982</b>	<b>100.00%</b>	<b>825,603</b>	<b>100.00%</b>
<b>TOTAL LEASES</b>	<b>11,443</b>		<b>10,071,687</b>	

FY 2019

Beneficiary Summary

UNIVERSITY OF ARIZONA 1881	A & M COLLEGES		MILITARY INSTITUTES		NORMAL SCHOOLS		SCHOOL OF MINES		UNIVERSITY LAND CODE		UNIVERSITY OF ARIZONA 1881	
	ACRES	INCOME	ACRES	INCOME	ACRES	INCOME	ACRES	INCOME	ACRES	INCOME	ACRES	INCOME
SURFACE_LEASES												
Agriculture	251	\$ 6,510	-	\$ -	165	\$ 3,758	1,805	\$ 43,016	3,233	\$ 73,383	6,879	\$ 174,067
Commercial	10,678	\$ 184,843	1,677	\$ 2,400	22,539	\$ 24,029	8,482	\$ 35,024	8,271	\$ 344,905	324	\$ 147,674
Grazing	107,232	\$ 42,686	77,709	\$ 37,220	146,654	\$ 61,011	110,769	\$ 34,184	118,009	\$ 46,938	33,923	\$ 10,252
Rights Of Way	3,214	\$ 56,716	329	\$ 1,492	3,045	\$ 62,752	1,423	\$ 8,094	5,823	\$ 161,008	1,149	\$ 70,279
Use Permits	3,898	\$ 7,921	298	\$ 4,200	5,279	\$ 5,864	2,241	\$ 5,619	4,686	\$ 29,087	4,069	\$ 41,598
Institutional Taking	1,917	\$ -	-	\$ -	2,721	\$ -	-	\$ -	107	\$ 780	200	\$ -
U.S. Government	86	\$ -	-	\$ -	184	\$ 2,000	17	\$ -	8	\$ -	4	\$ -
Other	0	\$ -	-	\$ -	0	\$ -	0	\$ -	91	\$ -	32	\$ -
<b>TOTAL SURFACE</b>	<b>127,277</b>	<b>\$ 298,677</b>	<b>80,013</b>	<b>\$ 45,311</b>	<b>180,588</b>	<b>\$ 159,414</b>	<b>124,735</b>	<b>\$ 125,958</b>	<b>140,228</b>	<b>\$ 656,101</b>	<b>46,578</b>	<b>\$ 443,870</b>
SUBSURFACE_LEASES												
Mineral	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -
Prospecting Permit	5,759	\$ 3,644	2,368	\$ 22,675	3,734	\$ 9,102	2,551	\$ 26,684	1,259	\$ 4,607	0	\$ -
Mineral Material	24	\$ 8,833	-	\$ -	120	\$ 10,560	-	\$ -	-	\$ -	164	\$ 43,200
Oil & Gas	5,334	\$ 2,905	-	\$ -	7,173	\$ 11,224	8,797	\$ 19,680	8,974	\$ 14,488	-	\$ -
<b>TOTAL SUBSURFACE</b>	<b>11,117</b>	<b>\$ 15,382</b>	<b>2,368</b>	<b>\$ 22,675</b>	<b>11,027</b>	<b>\$ 30,887</b>	<b>11,348</b>	<b>\$ 46,364</b>	<b>10,233</b>	<b>\$ 19,095</b>	<b>165</b>	<b>\$ 43,201</b>
Penalty & Interest	-	\$ 378	-	\$ 92	-	\$ 193	-	\$ 1,390	-	\$ 4,029	-	\$ 9,500
Treasurer's Formula Distribution	-	\$ 844,862	-	\$ 46,411	-	\$ 346,261	-	\$ 958,389	-	\$ 1,720,636	-	\$ 5,904,440
<b>GRAND TOTAL EXPENDABLE</b>	<b>138,393</b>	<b>\$ 1,159,299</b>	<b>82,381</b>	<b>\$ 114,490</b>	<b>191,614</b>	<b>\$ 536,754</b>	<b>136,083</b>	<b>\$ 1,132,080</b>	<b>150,461</b>	<b>\$ 2,399,861</b>	<b>46,743</b>	<b>\$ 6,401,011</b>
Permanent Fund Receipts	-	\$ 4,706	-	\$ 829	-	\$ 142,719	-	\$ 41,155	-	\$ 6,574,260	-	\$ 457,421
Permanent Fund Balance (Book)	-	\$ 5,238,000	-	\$ 317,000	-	\$ 3,009,000	-	\$ 6,343,000	-	\$ 18,485,000	-	\$ 54,222,000
Permanent Fund Balance (Mkrt)	-	\$ 13,386,000	-	\$ 767,000	-	\$ 6,511,000	-	\$ 15,360,000	-	\$ 34,554,000	-	\$ 106,791,000

FY 2019

Beneficiary Summary

Institutional Grants	LEGISLATIVE, EXECUTIVE & JUDICIAL BUILDINGS		MINER'S HOSPITAL		PENITENTIARIES		SCHOOL FOR THE DEAF & BLIND		STATE CHARITABLE, PENAL & REFORMATORY		STATE HOSPITAL	
	ACRES	INCOME	ACRES	INCOME	ACRES	INCOME	ACRES	INCOME	ACRES	INCOME	ACRES	INCOME
SURFACE_LEASES												
Agriculture	1,155	\$ 25,116	12,546	\$ 533,632	4,717	\$ 223,347	2,636	\$ 72,451	3,858	\$ 100,680	4,094	\$ 111,953
Commercial	5	\$ 43,920	510	\$ 1,030,527	456	\$ 837,611	5	\$ 10,522	2,834	\$ 1,195,635	127	\$ 83,377
Grazing	56,406	\$ 18,766	73,322	\$ 28,300	66,025	\$ 26,127	74,633	\$ 26,605	62,941	\$ 21,654	60,432	\$ 25,765
Rights Of Way	1,825	\$ 8,828	3,916	\$ 105,070	859	\$ 14,986	4,002	\$ 11,680	3,132	\$ 112,311	1,948	\$ 58,984
Use Permits	4,225	\$ 1,093	7,318	\$ 37,544	5,776	\$ 76,303	6,715	\$ 15,245	5,100	\$ 113,591	5,514	\$ 7,697
Institutional Taking	-	\$ -	1	\$ 1,054	1,778	\$ -	1	\$ 1,333	475	\$ 76,929	80	\$ 12,001
U.S. Government	92	\$ -	168	\$ -	5	\$ -	32	\$ -	117	\$ -	108	\$ -
Other	-	\$ -	39	\$ -	0	\$ -	0	\$ -	358	\$ -	0	\$ 4,825
<b>TOTAL SURFACE</b>	<b>63,708</b>	<b>\$ 97,723</b>	<b>97,820</b>	<b>\$ 4,736,128</b>	<b>79,616</b>	<b>\$ 1,178,375</b>	<b>88,025</b>	<b>\$ 137,837</b>	<b>78,816</b>	<b>\$ 1,620,800</b>	<b>77,302</b>	<b>\$ 304,602</b>
SUBSURFACE_LEASES												
Mineral	-	\$ -	119	\$ -	-	\$ -	-	\$ -	160	\$ 60,500	60	\$ 4,629
Prospecting Permit	4,817	\$ 29,740	10,284	\$ 49,402	2,186	\$ 16,659	4,258	\$ 36,576	1,181	\$ 12,518	2,674	\$ 17,524
Mineral Material	-	\$ -	230	\$ 20,240	-	\$ -	549	\$ -	138	\$ 88,000	77	\$ 11,000
Oil & Gas	243	\$ 265	-	\$ -	-	\$ -	4,111	\$ 7,583	1,268	\$ 2,537	641	\$ 1,299
<b>TOTAL SUBSURFACE</b>	<b>5,059</b>	<b>\$ 30,005</b>	<b>10,633</b>	<b>\$ 69,642</b>	<b>2,186</b>	<b>\$ 16,659</b>	<b>8,918</b>	<b>\$ 44,159</b>	<b>2,747</b>	<b>\$ 163,555</b>	<b>3,452</b>	<b>\$ 34,452</b>
Penalty & Interest	-	\$ 1,922	-	\$ 27,864	-	\$ 1,230	-	\$ 1,791	-	\$ 1,286	-	\$ 1,740
Treasurer's Formula Distribution	-	\$ 699,847	-	\$ 1,897,418	-	\$ 1,273,003	-	\$ 463,274	-	\$ 9,458,780	-	\$ 565,018
<b>GRAND TOTAL EXPENDABLE</b>	<b>68,767</b>	<b>\$ 829,498</b>	<b>108,453</b>	<b>\$ 3,731,051</b>	<b>81,802</b>	<b>\$ 2,469,267</b>	<b>96,943</b>	<b>\$ 647,061</b>	<b>81,562</b>	<b>\$ 11,244,421</b>	<b>75,755</b>	<b>\$ 905,812</b>
Permanent Fund Receipts	-	\$ 50,680	-	\$ 1,236,276	-	\$ 6,501	-	\$ 120,008	-	\$ 7,749,137	-	\$ 46,658
Permanent Fund Balance ( Book)	-	\$ 4,600,000	-	\$ 15,978,000	-	\$ 10,100,000	-	\$ 3,708,000	-	\$ 69,519,000	-	\$ 5,071,000
Permanent Fund Balance ( Mirtk)	-	\$ 11,258,000	-	\$ 32,921,000	-	\$ 21,868,000	-	\$ 8,223,000	-	\$ 159,180,000	-	\$ 10,798,000

**FY 2019**

**Beneficiary Summary**

	COMMON SCHOOLS		
		ACRES	INCOME
<b>SURFACE_LEASES</b>			
Agriculture	115,667	\$	3,493,829
Commercial	14,961	\$	24,760,313
Grazing	7,382,406	\$	2,368,185
Rights Of Way	163,745	\$	4,341,641
Use Permits	363,033	\$	2,342,320
Institutional Taking	5,406	\$	327,121
U.S. Government	16,590	\$	165,996
Other	4,195	\$	5,875,484
<b>TOTAL SURFACE</b>	<b>8,066,005</b>	<b>\$</b>	<b>43,674,888</b>
<b>SUBSURFACE_LEASES</b>			
Mineral	45,165	\$	240,655
Prospecting Permit	300,103	\$	1,345,323
Mineral Material	1,413	\$	205,067
Oil & Gas	399,644	\$	765,524
<b>TOTAL SUBSURFACE</b>	<b>746,325</b>	<b>\$</b>	<b>2,556,568</b>
Penalty & Interest	-	\$	195,304
Treasurer's Formula Distribution	-	\$	321,245,635
<b>GRAND TOTAL EXPENDABLE</b>	<b>8,812,330</b>	<b>\$</b>	<b>367,672,396</b>
Permanent Fund Receipts	-	\$	127,524,882
Permanent Fund Balance ( Book)	-	\$	2,549,538,000
Permanent Fund Balance ( M/rt)	-	\$	5,645,234,000